nordgold
more than gold

673 887

TCC 2014 US$/oz
▼20,6% YoY

AISC US$/oz
▼19% YoY

Nordgold efficiency improvement

Lefa impressive turnaround

2014 INTEGRATED REPORT

Driving performance and productivity through HR policies & programmes

LTIFR	Revenue
1.23 –19%	$1,216.1 MLN –4%

EBITDA	Gold production
$487.0 MLN +24%	984.5 KOZ +7%

About the Report

This Nordgold Integrated Annual Report 2014 covers the period from 1 January to 31 December 2014.

The first Nordgold integrated report was published for the year 2013.

In 2014 Nordgold decided to retain the integrated report format as it had been well received by the Company's stakeholders.

The Report provides an overview of the operational, sustainability and financial performance at nine Nordgold operations located in Russia, Kazakhstan, Burkina Faso and Guinea:

- Bissa;
- Taparko;
- Lefa;
- Buryatzoloto (Irokinda and Zun-Holba);
- Berezitovy;
- Neryungri;
- Aprelkovo;
- Suzdal.

And six development and exploration projects:

- Gross;
- Bouly;
- Uryakh;
- Prognoz;
- Montagne D'Or;
- Pistol Bay.

In 2014 the HR data also cover the managing company, Nordgold Management, as well as foreign offices (London, Toronto) and North Gold Mining Company.

There were no significant restatements of data during the reporting period with the exception of matter disclosed in note 2, section «Accounting and Reclassification changes» of Financial Statement with further impact on comparative figures.

As of January 1, 2015 there is new reserves and resources statement in accordance with the JORC Code guidelines (2004).

The financial data in the report underwent independent assurance by Deloitte. However, Nordgold decided not to conduct independent assurance of the sustainability information presented in the report.

The data in the report are disclosed in line with the following standards:

- Disclosure Rules and Transparency Rules (DTR);
- Dutch Civil Code, Book 2;
- Global Reporting Initiative G4 Guidelines and Metals and Mining Sector Supplement;
- The International Integrated Reporting Standard (<IR>);
- International Financial Reporting Standards (IFRS);
- UK Corporate Governance Code;
- Dutch Corporate Governance Code.

We believe that the Report, together with the additional materials on the corporate website (www.nordgold.com), conforms to the Core option of GRI G4 guidance. All financial indicators are denominated in US dollars, in accordance with the audited consolidated IFRS financial statements.

Following a number of interviews with managers of the Group and the examination of the Group's principal concerns, key topics (reflecting both the Group's aspirations and the needs of stakeholders) are identified as:

- Efficiency improvement and cost cutting;
- Driving performance and productivity by means of HR policies & programmes.

Other important topics are the following:

- Safety standards and practices improvement;
- Assets portfolio improvement via selected M&A activity, new projects development and construction and exploration around currently operating mines;
- Sustainability practices in African countries of operation.

Identifying material aspects (topics) to be disclosed in the Report is required to meet GRI G4 and <IR> Frameworks. A step-by-step procedure of identifying material aspects was conducted:

1. Compilation of the list of possible relevant topics for a gold mining company, with reference to SASB (Sustainability Accounting Standards Board) recommendations for Materiality Map Issues (Metals and Mining sector).
2. Compilation of the short-list of material aspects, after questioning the top-management and the heads of the departments.
3. Arranging the material aspects from the short-list on significance from the perspective of Nordgold managers (see Appendix Material Aspects)

Following the questionnaire results of the Company's management, the most material aspects turned out to be the following:

- Employee health, safety and wellbeing;
- Accident and safety management;
- Community relations;
- Labour relations;
- Waste and Hazardous Materials Management.

Nordgold refers to the Group (i.e. the Company with its subsidiaries) and the Company to Nord Gold N.V.

This integrated report contains forward-looking statements and forecasts regarding the Group's operational and financial results, which involve risks and uncertainties, since they refer to the events and depend on the circumstances that will occur in the future. Actual performance or achievement could differ materially from that expressed in, or implied by any forward- looking information in this report. Factors that could cause or contribute to such differences include those discussed in the 'Financial' section and elsewhere in the Annual Report.

In order to ensure the quality and constant improvement of our reporting, your feedback is welcome. Please go to the feedback form on our website (http://nordgold.devh.cpeople.ru/contact-us/#contact_form).

You can contact us:

- Valentina Bogomolova, IR: va.bogomolova@nordgold.com;
- Daria Grigorieva, SD: daria.grigorieva@nordgold.com;
- Olga Ulyeva, Head of Media Relations: olga.ulyeva@nordgold.com.

For further information on Nordgold please visit our web-site: www.nordgold.com.

2014 in Brief

Financial highlights

- Revenue: US$1,216.1 million
- EBITDA: US$487.0 million
- TCC: US$673 per ounce
- AISC: US$887 per ounce
- Cash flow from operating activities: US$328.0 million
- Positive free cash flow: US$180.7 million
- Dividend: US$ 10.31 cents per share/GDR, the total pay-out of US$39.1 million

Operational highlights

- Gold production (Koz): 984.5;
- Gold sold (Koz): 960.4;
- Ore mined (kt): 18,421;
- Ore processed (kt): 22,001;
- Grade (g/t): 1.74;
- Recovery (%): 81.7.

Non-financial highlights

- LTIFR (lost-time injury frequency rate): 1.23;
- LTI (total number of lost time injuries): 23;
- Investments in supporting local communities (US$ thousands): 634;
- Total number of employees: 8,757 people.

Calendar of events

February

- Nordgold starts Gross pilot plant operations.

March

- Nordgold enters into US$500 million 5-year Facility Agreement with Sberbank CIB.

May

- Nordgold announces Changes to the Board of Directors.
- Nordgold enters into an Agreement to acquire a stake in Northquest, which owns a promising exploration project Pistol Bay, located in northern Canada.Nordgold enters into agreements to acquire Ronguen gold project from Canada’s Goldrush Resources, which is a late stage exploration project located in 10 kilometres northwest from Nordgold’s Bissa mine.
- Nordgold’s Buryatzoloto receives gold exploration and mining licence for Onot-Kitoyskaya gold area in Russia.

August

- Nordgold's subsidiary in Guinea - Lefa mine – signs a Partnership Agreement with UNICEF and local communities.

October

- Nordgold acquires ~9% Stake in Columbus Gold – Nordgold’s partner in Montagne d’Or project.

November

- Nordgold appoints Dmitry Guzeev the Chief Financial Officer.

December

- Nordgold completes Eurobonds Buyback Programme having bought Notes for a nominal value of US$50 million.
- Nordgold increases voting stake in Buryatzoloto to 90.6%.

Awards

- Nordgold's 2013 Integrated Report was shortlisted by IR Society in their Best Practice Awards in the Nomination “Best Annual Report – International”.
- Nordgold’s 2013 Integrated Report became a winner as the Best annual report-2013 in the All-Russian competition “Silver lines”.

The Chairman's Message

Nordgold is an ambitious company.

We want to be one of the world's leading producers of gold, with a reputation for outstanding operational expertise and a proven ability to deliver shareholder value.

These are lofty aims, but we are confident with the team we have in place, our people, our track record, our proven ability to develop new mines successfully and our exciting growth pipeline, they are achievable.

Our business model is one that is based on prioritising the safety of our staff, but also on value creation for all our stakeholders, from our shareholders, to our employees, suppliers and the communities in which we operate.

We are building a sustainable business focused on operational efficiency, resource base development and increasing the quality of our assets.

Due to the market volatility we saw after the significant gold price correction a year earlier, 2014 was a challenging year for the global gold industry. However we were pleased to see the gold price found a level of support during the year meaning Nordgold, in the lowest quartile of the industry cost curve, remains cash generative and profitable.

We remain confident in the long term fundamentals of the gold sector. We believe gold demand is likely to strengthen in both the long and medium-term given continued global economic uncertainty combined with rising demand for gold, in particular from developing countries.

Despite the challenging environment, Nordgold has remained faithful to its strategy: a relentless focus on costs, improving our operational efficiency, generating free cash flow reducing leverage and delivering on our growth pipeline, all in order to create shareholder value. We will not compromise on our commitment to the safety of our employees.

During the year Nordgold delivered a very strong operational performance, which showcased the improvement we have made across the business. We achieved another reduction in All-In Sustaining Costs (AISC) which fell 19% year on year and production rose at nearly every mine site – a phenomenal achievement from the team.

I have also mentioned our exciting growth pipeline, which is another core element of our long term strategy. We have continued the development of our growth projects in 2014. Nordgold completed an encouraging Feasibility Study for the Bouly project in Burkina Faso and the Gross project in Russia continues to develop as planned. We are also progressing with the Montagne D'Or gold deposit in French Guiana and have invested in the Pistol Bay Project in Canada.

We remain committed to following the principles of sustainable development. We place significant value in the resources we mine and seek to operate in a manner consistent with our values with regards to the environment, as well as care for our employees and respect for our local communities.

The safety of our people remains our first priority. As Chairman, I ensure safety is discussed at every Board meeting. We are pleased to report a decrease in the long term injury frequency rate by 19%, with the target of 10% LTIFR improvement set for 2015. While this is a positive development, we will never be complacent. We work in a hazardous environment and have to be sure our employees and contractors return home to their families safely each day.

We have also made changes to the management structure of Nordgold during the year, making it simpler and reducing the reporting layers within the Company. This has helped to reduce costs and improve productivity, which has been a major contributor to our strong cost performance. We have also continued to invest in our people through training and development, as well as building a new corporate culture which has "Respect for People" at its centre. I am confident that the changes we have implemented to our senior management structure will result in a more streamlined, efficient way of doing things which will enable our employees to realise their potential.

Good corporate governance has always been a priority for the Board and we remain committed to ensuring we meet international best practice. This is also true of our commitment to transparency and our disclosure obligations, which is why we have implemented the IIRC Integrated Reporting Standard and GRI G4 Standard into our reporting systems.

Nordgold is still a young company, but we have made huge strides over the past five years. We are confident that our strategy is the right one to achieve long term profitable growth and value for our shareholders. We remain committed to delivering returns for our shareholders and the Board was delighted to declare a full year 2014 dividend of US10.31 cents per share / GDR while we have also approved a share buyback programme which the Board believes is the right action to take in this period during which the share price clearly does not match the value in the business.

2014 was a fantastic year for Nordgold and I would like to thank my fellow Board members, management and all Nordgold employees for their considerable efforts during the year. I would also like to thank our shareholders for their continued support.

David Morgan

Chairman of the Board, Nordgold

The CEO's Message

2014 was a year in which Nordgold came of age as a gold producer, delivering on our ambitious targets and firmly establishing ourselves as a premium gold company with growing production, low cost asset base, and outstanding project pipeline.

Continued improvement in operating efficiency and significant cost reduction, enabled Nordgold to deliver outstanding operating and financial results amid an unpredictable market environment and gold price volatility.

I was delighted to report that we achieved our ambition of delivering free cash flow at all of our mines, clearly demonstrating the considerable work we have put in. We also successfully refinanced our debt following an agreement with Sberbank in March 2014, which enabled us to decrease cost of debt and improve our liquidity position.

The combination of operational excellence and financial delivery has enabled us to further strengthen our balance sheet and continue to generate returns for our shareholders.

Reviewing the year in more detail, Nordgold achieved record operating results, producing 984.5 thousand gold equivalent ounces in the period, up 7% year on year. Nordgold was founded seven years ago and it has successfully increased production in six of those years – an achievement of which we are very proud.

One of our main achievements in 2014 was the significant cost reduction across the group: All-in sustaining costs (AISC) were down by 19% to US$887 per ounce. A highlight during the period was our Lefa mine in Guinea which has now undergone a turnaround and I am delighted to note a 26% increase in production to over 205 thousand ounces during the year. Lefa is a clear indication of our ability to deliver genuine improvement in our legacy asset base and gives us confidence in continuing to grow the business long into the future.

Today, Nordgold is a proven low-cost gold producer generating positive free cash flow at all nine mines. Free cash flow increased almost threefold, to US$181 million and EBITDA rose to US$487 million. These results clearly demonstrate the success of our strategy in a low price environment.

In addition to our successful operating performance, we have made strong progress on our diverse and dynamic development pipeline, providing a solid foundation for the Company's growth for many years to come. We have delivered a Feasibility Study of the Bouly project in Burkina Faso, moving the project into the construction phase. We expect to start construction of this exciting opportunity in 2015.

At our second development project, Gross in Yakutia, we delivered two important milestones, exceeding the target set at the start of the pilot stage operation, and commercial scale metallurgical tests resulted in higher than expected recovery. We will continue to progress the project towards obtaining a construction permit in 2015.

We invested in the drilling programme at Montagne d'Or gold deposit in French Guiana, which delivered excellent resources and grade data, and we will continue with pre-feasibility in 2015. In accordance with our portfolio expansion strategy, Nordgold also acquired a stake in the promising greenfield Pistol Bay Gold Project in northern Canada. We also acquired a number of promising satellite projects which sit alongside our existing mine sites, including Ronguen next to Bissa in Burkina Faso and three greenfield gold deposits adjacent to the Berezitovy and Buryatzoloto's mines in Russia.

Safety remains the key priority for the Company. Our annual target is to achieve a 10% year-on-year improvement in the Lost Time Injury Frequency Rate (LTIFR). I am pleased to report a 19% improvement in 2014 LTIFR of 1.23 compared with LTIFR of 1.51 in 2013 and a 28% improvement in 2014 LTI with 23 injuries compared to 32 injuries in 2013. We continue to progress towards achieving Zero Harm for our employees and to invest into safety standards across all our operations.

Core to the operational improvement across the group has been the implementation of a new organisational structure across the Company and the roll-out of our unique "Business System of Nordgold" (BSN) strategy. In essence, this encourages best practice throughout our global operations and streamlines our management structure, speeding up decision making and increasing efficiency. BSN has had a measurable positive impact on our bottom line.

We have also made real progress in further improving the quality of our already strong workforce, while building a common corporate culture throughout our global operations. I firmly believe this is proving to be a major benefit to the Company and gives all our employees around the world a genuine sense of belonging to the Nordgold family. Nordgold is now seen as a leading light in the industry, and a company we can all be proud to work for. As a result, we are recruiting genuine global talent within the group, and we are seeing a greater commitment to safety across all our mine sites.

Central to this unified culture is our commitment to corporate social responsibility. We consider the adherence to the principles of sustainable development to be an essential element of our business. Every effort is made to ensure the protection of the local environment and the well-being of our employees and local communities. We work very hard to maintain and strengthen our relationship with our stakeholders, including business partners, investors, employees, local authorities and communities. We continue to make significant contributions to supporting the local communities in which we operate, based on specific needs in each region. We believe that only a socially responsible business which operates with full cooperation from all stakeholders can be successful.

2014 was a real year of delivery for Nordgold but we remain highly ambitious with a very clear strategy for growth long into the future. In 2015 we will continue to focus on costs and driving operational efficiency, while increasing our profitability and delivering on our ambitious growth pipeline. And we will do this with no compromise on our commitment to safety.

I would like to take this opportunity to thank all our staff for their continuing efforts in building Nordgold into what it is today.

Finally, I would also like to thank our loyal shareholders for their support. Your opinion is very important to us and we welcome any comments you may have on this report.

Nikolai Zelenski

Chief Executive Officer, Nordgold

Our Business

Business Description

Nordgold is a leading emerging market gold producer established in 2007 and headquartered in Moscow.

Our diversified asset portfolio includes nine producing mines, two large-scale development projects and four advanced exploration projects in six countries over four continents (Russia, Kazakhstan, Burkina Faso, Guinea, French Guiana, Canada). The ability to work with different cultures, legislative frameworks and environmental conditions is an important advantage of Nordgold.

We have a large JORC resource base, of 29 Moz gold- equivalent, and reserves at 13 Moz with life of approximately 13 years.

Nordgold Global Depository Receipts are publicly traded on the London Stock Exchange (ticker NORD), with a free float of 11,07%. The principal shareholder of Nordgold is Alexey Mordashov, with a stake of approximately 88.2% in the Company.

Mission and Values

Mission

Nordgold's mission is to provide sustainable growth for the business and its value to shareholders and all other stakeholders. But for us, success is more than just gold.

Our values are more important than effective gold production. We want our employees to know that their safety is our absolute priority. We strive for the trust of the investment community. We want to contribute to the communities we operate in and become a trustworthy local partner. We aim at looking after the environment.

Our big idea. More than gold

At Nordgold, we have always thought big. We are a young company, but we have grown quickly. Meeting the challenges we have faced the problems head-on to become a successful international company we are today.

We realised that to fulfil our potential effectively and reach the next stage we needed a clear statement of our vision and the values we are committed to.

These are the big idea values, which drive our business, and they are worth more than gold to us.

- Employee welfare. Nordgold employs thousands of people. As their employer, we bear the responsibility for ensuring their safety and providing a good life quality for the employees and their families. We want our people to realise their potential in conditions, which are both comfortable and safe. We seek to be the employer of choice in the communities we operate in and to hire the very best people in the industry.
- Investor confidence. We invest in production and technology. This helps us achieve the efficiency we need to provide good return on invested capital. We work hard to maintain our shareholders' confidence in the company's present and future.
- Community development. Being a responsible member of the local communities we operate in is a central merit of the way we do business. We see it as a vital part of our role to invest in these communities and help them develop. We bring in electricity, water, infrastructure and transport. In many areas, the local population gains access to education and health services. We are focused on mutual respect and dialogue with local communities and government organisations, and we meet all our legal and tax obligations.
- The Environment. Taking care of the environment is a core value for Nordgold. We recognise we work in a hazardous industry but we take as much care as possible to ensure we do not damage the environments we work in.

Vision

Nordgold's ambition is to become a best-in-class gold mining company, one with:

- A portfolio of high quality, long life and low cost assets
- Leading operating practices and an absolute focus on safety
- The best and brightest talent
- The trust of its investors built by a persistent dedication to shareholder values

The reasons of our belief in success are:

- Positive experience of operating in diverse emerging market jurisdictions where high quality deposits can still be found
- Proven track record of identifying and building greenfield projects
- Management team with strong business development, geological and technical capabilities

Values

Our people share our vision and understand that Nordgold is more than gold. Every company's decision – from hiring a new employee to a new major project – is based on our guiding principles:

- **Respect for People** - We place high value on people and the creation of the atmosphere of mutual respect and dialogue.

- **Safety** - We never compromise employee safety.

- **Professionalism and Efficiency** -We are committed to the highest working and management standards to ensure a sustained growth of the business and achievements of our long term targets.

- **Trust and Collaboration** - We value the trust of all our stakeholders and strive to create a positive working environment based on cooperation, reciprocity and responsibility.

Business Model

A business model is a method or means of value creation that is also applied to achieve strategic goals. The main focus of our business model is positive free cash flow generation and revenue sharing between our shareholders through dividends in accordance with all the principles and standards of sustainable development and responsible mining.

Our business model includes:

- management system aimed at the most efficient use of available capital;
- available capital (for more details see below);
- value chain based on the transformation of available capital (company's main activity);
- value chain input and output.

The present business model deals with transformation of five types of capital, as well as changes described in the relevant parts of the Report:

- financial capital (for more details see Financial performance);
- manufactured capital (for more details see Reserves and Resources, Operational performance);
- human capital (for more details see Respect for people);
- social capital (for more details see Stakeholder engagement and Communities);
- natural capital (for more details see Environment).

Reliability of the business model is maintained through:

1. High-quality resource base and asset portfolio

The first step in the business model implementation is developing of the mineral resource base. We support our asset portfolio through dedicated exploration activity in the areas of our operations as well as through acquiring prospective greenfield projects. Our experience and proven geological expertise in the regions of our activity allow us to identify deposits with the best potential for further extraction. Exploration requires a highly qualified and experienced team of geologists, as well as the use of technologies such as 3D modelling of underground structures and drilling together with laboratory research to estimate the quality of gold resources.

2. High efficiency of operating assets

One of the main elements of our strategy is the improvement of our operational performance. This includes:

- paying particular attention to the occupational health and safety of our employees
- constant optimisation of our labour force structure
- application of corporate values in daily work
- training and developing of the employees
- providing essential safety equipment and conformance to health and safety standards
- application of best-in-class technology in order to improve operational inefficiency
- BSN implementation at all our mines
- application of tendering for all suppliers and securing the best conditions

Well-invested processing facilities at mines help us to maximise our production and minimise the production costs. We invest in and upgrade our equipment facilities to enhance efficiency, improve recovery, and increase capacity when required.

Business Model (General View)

Inputs

FINANCIAL CAPITAL

Capital expenditure: US$157.8 mn including US$25.6 mn for exploration and evaluation
TCC: TCC: US$657.8 mn (675US$/oz)
Procurement: US$504.4 thousands

MANUFACTURED CAPITAL

Reserves: 13 Moz
Resources: 28.9 Moz gold-equivalent

HUMAN CAPITAL

Total employees: 8 757
Number of employees trained: 3 268

SOCIAL CAPITAL

Social Plans and Programmes of Nordgold
Socio-economic development expenditure: US$634 thousands
Engagement with stakeholders

NATURAL CAPITAL

Rock mined: 18,421kt
Water used: 11,873 Ml
Electricity consumption: 596,109 MWh

Business Activities

Exploration and evaluation

Prospective gold-bearing ores are identified and exploration is carried out. Evaluation and modelling of opportunities to extract gold from the ore in order to maximise the NPV begin at the same time. Focus on looking for new greenfield projects all around the world and on near-mine exploration to extend life of mine at our current assets.

Design and construction

Design and construction of mines in line with feasibility study are on time and on budget. We have always chosen the most convenient, economically profitable and most innovative technology.

Mining

Physical extraction of goldore from the open pits and underground mines.

Processing

Then mining gold ore is processed physically and chemically into semi-pure doré (unrefined gold bars) and dispatched to metal refineries.

Refining

The gold doré is refined to a required purity and turned into gold bullion.

Sales

Gold is sold to bullions banks, central banks, jewellery-fabrication and other companies all around the world.

Rehabilitation

Rehabilitation of the used land is the key aspect of a mine planning and development from the beginning of exploration and to the end of the operation. Closure plans take into account community livelihoods and land rehabilitation. The plans are developed and improved throughout the life of a mine.

Outputs and Outcomes

Outputs

Gold produced: 984.5 Koz

Tailings/waste rock: 968 Kt

Outcomes

Revenue: US$1,216.1 mn
EBITDA: US$487.0 mn
Net operating profit: US$123.0 mn
Payments to government (income tax + other taxes), US$87.2 mn +US$76.1 mn
Payments to employees and contractors: US$234.8 mn
Payments to providers of capital: US$54.0 mn
Dividends: US$40.7 mn

Strategy

General Description of the Company's Strategy

The Nordgold management updates the company's strategy annually to ensure that it remains relevant and appropriate to both internal and external changes.

In the long-term period we strive to become a best-in-class gold mining Company, one of the industry leaders in terms of efficiency and assets portfolio quality.

Our strategy for the current low price environment is as follows:

- to achieve and maintain positive free cash flow generation at all operating mines;
- to reduce leverage through effective debt management;
- to share our profit with the shareholders via dividend payments in accordance with our dividend policy;
- maintenance of growth and portfolio quality improvement.

We will continue to identify, acquire and explore assets, which we are uniquely positioned to create value from, and increase gold production through streamlining current operations and developing operations at existing and newly acquired mines.

We will proceed to implement our strategy of building a best in class, globally competitive gold mining Company – optimising operations, improving efficiency, increasing profits, paying dividends, with the help of the experienced team with strong values that are committed to deliver. Our clear and straightforward strategy will contribute to providing a sustainable and profitable long-term growth.

Positive free cash flow generation at all operating mines

In 2014 we actively implemented efficiency improvement measures and developed a cost management approach via a range of initiatives, including BSN measures, mining model updates, diligent capex allocation, reduction in general and administrative expenses, and working capital optimisation. One of our targets for 2014 was to generate a positive free cash flow (FCF) at all operating mines. We achieved it successfully.

Reduction of the leverage through effective debt management

In 2014 we progressed with debt portfolio optimisation. In March 2014 we concluded the US$500 million 5-year Facility Agreement with Sberbank CIB, which enabled us to reduce the average interest rates we pay on our debt, extend the average length of our loan portfolio and improve our maturity profile.

In December 2014 we also repurchased our bonds in the open-market in an aggregate principle in the amount of 50,000 for a nominal value of US$50 million, using surplus cash.

As of the end of 2014 our Net debt/LTM EBITDA level constituted 1.3. We continue reducing debt burden organically, through consistent FCF generation achieved by the effective and efficient management of current operations, and maintaining an optimum level of working capital. We are going to further reduction of the leverage with new target level of Net debt/ LTM EBITDA at 1.0x.

Dividend payments to shareholders

We strive to distribute dividends to our shareholders more frequently. Thus, in November 2013 Nordgold introduced a quarterly interim dividend payment. The current dividend payout ratio is 30% of net profit attributable to shareholders. There is no limitation for us from bond and debt holders on dividend payments. We will continue to distribute dividends to our shareholders in line with our policy going forward.

Continuation of growth and portfolio quality improvement

Through focused exploration expenditure we will invest in our current mines in order to increase their mine-life, continue near-mine exploration and exploration at greenfield and brownfield projects in our portfolio. To increase the reserve base further Nordgold will also seek for other opportunities, through evaluating potential purchases of premium-quality reserves and resources that comply with our project criteria.

Strategy Implementation and Key Achievements

In 2014 we implemented our strategy in order to drive the Group forward and maximise value for current and future shareholders.

Our main achievement in 2014 was significant cost reduction: in the reporting year, TCC decreased by 20% and AISC decreased by 19%. The most successful in terms of costs reduction was Lefa mine, which posted TCC decline of 39% and AISC decline of 30%.

Improving the quality of our workforce continued to be one of our priorities. As part of on-going efficiency improvements, we implemented the new motivation system and conducted reorganization of our management system which helped us to reduce costs significantly.

In 2014 Nordgold also continued to develop the innovative IT approach and started the introduction of SAP, planning to complete this process in 2015.

An important milestone during the year was starting a trial production at the Gross project in February, and exceeding the target set at the start of Gross' pilot stage operation: 2.3 million tonnes of ore mined in 2014 versus targeted 1.8 million tonnes. As part of the pilot stage, commercial scale metallurgical tests were also carried out with processing of 400 kt of ore at -40mm and -170 mm crushing size. In 2015, we will continue to improve the Project towards obtaining its construction permit.

We continued to develop the Bouly project, having completed the drilling program and the finalisation of an updated resource model in 2014. The further step in the development of Bouly was the accomplishment of the Feasibility Study in Q1 2015.

Another significant step in the implementation of our strategy was the completion of 2013-2014 drilling program at Montagne d'Or gold deposit in French Guiana. Metallurgical tests from Montagne d'Or produced an excellent recovery ranging from 95% to 97%. The Preliminary Economic Assessment of the Montagne d'Or is expected to be completed in Q2 2015.

In accordance with our portfolio expansion strategy, in 2014 Nordgold acquired a totally 23.7% stake in Northquest for CAD 2,87 mn. Northquest is an owner of Pistol Bay Gold Project, located in Nunavut Territory (northern Canada)

Proven strategy in a lower price environment

	2014 Targets	2014 Achievements	2015 Strategy
Positive Free Cash Flow Generation at All Operating Mines	Positive FCF at all our operating mines through cost, working capital and CAPEX optimisation and mining model update.	The targets are performed on 100% Consolidated AISC declined 19% YoY to US$887/oz All mines generated positive FCF in Q3 & Q4 2014, FY2014 consolidated FCF reached US$180.7m Comprehensive cost reduction program is in place at all mines	Continue to improve efficiency; Further upside for FCF generation in 2015
Reduction of Leverage Through Effective Debt Management	Organic debt reduction through positive FCF generation; Effective existing portfolio management to obtain favorable terms	Reduced cost of debt, improved liquidity and debt profile through refinancing in March 2014 Net debt on 31 Dec 2014 at US$627.3 m, and cash position at US$317.1 m Bond buy-back program is in progress	Continue to reduce leverage with target level Net debt/LTM EBITDA at 1.0x
Distribution of Dividends to Shareholders	Implement quarterly dividend payments to our shareholders; Nordgold has a policy of paying dividends equivalent to 30% of 2014 profits attributable to shareholders	The targets are performed on 100% Interim dividend for Q4 2014 of USc1.33/GDR, bringing total 2014 dividend to USc10.31/GDR The record date for Q4 2014 is set on March 5, 2015 and payment on March 20, 2015;	Dividend payout ratio of 30% of net profit attributable to shareholders
Continuation of Growth	Develop pipeline of high quality greenfield and brownfield projects through focused exploration expenditure; Evaluate potential purchases of premium-quality reserves to enlarge the reserve base	The targets are performed on 100% Pilot stage operation at Gross is going on since Q1 2014; PEA of Bouly project was completed internally, we progressed to feasibility study, which will have been completed in Q1 2015; 14-month drill program was completed at Montagne d'Or in October 2014, resource update is expected in Q1 2015.	Start construction of Bouly or Gross; Continue to invest in the pipeline

Advanced Exploration and Development Projects

Nordgold has a robust and balanced pipeline with early stage and advanced projects, as well as a diverse portfolio of early exploration projects and licenses in the CIS, West Africa, French Guiana and Canada. All these projects are expected to yield significant increases to our resource base and production profile.

Development projects (Production for 1-2 years)	Advanced exploration projects (Production for 3-5 years)	Early exploration projects (Production for 6-8 years)
Delineated resource	Significant drilling performed	Potential resource identified
Feasibility underway or completed	Scoping underway	Target delineation
Russia and CIS		
Gross (2014)	Prognoz Uryakh Nerchinsk (brownfield/satellite)	Onot-Kitoy Zhanok South-Uguy
West Africa		
Bouly Ronguen Yeou Zinigma	Goengo (brownfield/satellite) Yimiougou	Kaya Wayin Zinigma Tanzaka Banora Corridor Lefa Corridor (brownfield/satellite)
French Guiana		
	Montagne D'Or	
Canada		
		Pistol Bay

Gross – Advanced Development Project

Gross is an important development project in Yakutia, adjacent to the well-established Neryungri (the Tabornoe gold deposit) open pit heap leach operation, which enables Nordgold to take an advantage of economies of scale, deep knowledge of the local geology, and shared expertise and capabilities from Neryungri's management team.

Brief overview

Location	Location	Russia, Yakutia
	Infrastructure	5 km from Neryungri operating mine, access by all-season road
Project parameters	Mine type	Open pit, Heap leach
	Resources	8.6 Moz at 0.67 g/t
	Reserves	4.5 Moz at 0.73 g/t
	Mining rate	12 Mtpa
	Recovery	82,5% for 140 days cycle
	Average production	220 koz
	Life of mine	17 years
	Capital to start production	US$260 million
	All-in sustaining costs	US$700-750 /oz

Development highlights

- Feasibility study completed in February 2014;
- Project demonstrated good economic efficiency with IRR above 30% at long term gold price of US$1,250/oz and above 20% at long term gold price of US$1,100/oz; The recent Russian rouble denomination has supported the project's robust economics additionally.
- Start of pilot stage operation at the end of February 2014 – processing of Gross ore on existing facilities of Neryungri mine;
- 2.3 Mt tons of ore was mined and 1.8 Mt was processed in 2014, 29 koz of gold was produced at Neryungri mine facilities;
- Excellent recovery is confirmed at production scale test – 83.7% recovery has been achieved after 90 days of leaching;
- Obtaining formal project construction permit from Russian authorities expected in H1 2015;
- 2 year construction time to reach full capacity.

In 2015, the Company will continue to progress the Project towards obtaining its construction permit, while continuing the Gross pilot stage with the aim of producing approximately 35 koz of gold.

Bouly – Advanced Development Project

Bouly is a development project located 5 km from Nordgold's operating Bissa mine in Burkina Faso. The project represents a large low-grade gold mineralisation, favorable for heap leach treatment.

Brief overview

Location	Location	Burkina-Faso, 5 km east from Bissa mine
	Infrastructure	Bissa infrastructure is available to support Bouly
Project parameters	Mine type	Open pit, Heap leach
	Resources	3.5 Moz at 0.57 g/t
	Reserves	1.3 Moz at 0.56 g/t
	Development stage	Feasibility study
	Possible start-up year	2016
	Scoping study	Completed in Q2 2014

Development highlights

- In-house Preliminary Economic Assessment (PEA) completed in Q2 2014 and showed robust project economics;
- We made a decision to progress the project towards a Feasibility Study (FS)
- Lycopodium was awarded the contract to be the lead consultant for FS and responsible for metallurgy/processing, engineering and overall study report;
- Knight Piésold is responsible for design of the heap;
- Environmental & social study is being conducted locally;
- Feasibility Study is completed in Q1 2015 (see the table above for results). Mining permit is in place.
- It is expected that the average annual production will be approximately 120 thousand ounces over life of mine of 10 years with peak production of 145 koz over the first three years.

Ronguen – Bissa mine satellite project

Baseline environmental and social studies have now commenced for Ronguen Project, a late stage of exploration project located just 10 kilometers northwest of Nordgold's Bissa mine and acquired by Nordgold in October 2014, as a part of the Feasibility Study, which expected to be finalised in 2015.

Early indications are that the Project shares very similar ore properties to Bissa, which will therefore enable Nordgold to process the ore at the Bissa facilities, thereby extending the Life of Bissa Mine, while contributing to low-cost gold production at this world-class facility.

Montagne d'Or – High Quality Project in South America

Montagne D'Or is a highly promising advanced exploration asset located in north-west French Guiana, 180 kilometers west of the capital, Cayenne, and 80 kilometers south of the department capital, Saint-Laurent-du-Maroni.

Brief overview

Location	Location	French Guiana, 115km from port of St Laurent
	Infrastructure	Airstrip, all-season road, camp
Project parameters	Ownership	Nordgold has the right to earn 50,01%
	Mine type	Open pit
	Resources	3.8 Moz at 2.14 g/t (Indicated + Inferred)
	Reserve potential	2-4 Moz
	Development stage	Preliminary economic assessment
	Scoping study	Will be done in 2Q 2015
	Bankable feasibility study	Will be completed in 2016

Project Highlights

- Nordgold entered into an option agreement with Columbus Gold to earn 50.01% in Montagne d'Or;
- Nordgold should invest US$30 million and complete Feasibility Study no later than Q1 2017;
- Nordgold expenditures on the project to 31.12.2014 comprised US$16 million;
- Mining concession is valid till 2019, renewable for 25 years; application made for adjacent areas;
- Metallurgic tests produced an excellent recovery at 95-97%;
- The 2013-2014 drilling program commenced in November 2013 to support Feasibility Study completed in October 2014;
- Resource update and Preliminary Economic Assessment (PEA) are to be completed by SRK in Q1-Q2 2015;
- Environmental Impact Study is underway.

Pistol Bay Project – Nordgold's Entry in North America

Pistol Bay Gold Project is a high-grade exploration project located in Nunavut Territory, northern Canada, on the west coast of Hudson Bay.

Brief overview

Location	Location	Arctic Canada, Nunavut Territory, on the coast of Hudson Bay
	Infrastructure	Accessible by air or by sea with about 5- month navigation period. Village, port, airstrip and all season road on site.
Project parameters	Mine type	Open pit, high grade
	Development stage	Advanced exploration
	Resources	No NI or JORC compliant resource yet

Deal and Project Highlights

- Northquest (TSX-V: NQ) is a 100% owner of Pistol Bay project
- Nordgold purchases a 23.7% stake in Northquest, financing 2014 Pistol Bay drilling program
- Promising in-house resource estimate based on drilling results
- Best intersections include 8.23 g/t /156m and 5.61 g/t /163m
- No metallurgical test carried out yet, abundant visible gold suggests good gravity recovery;
- High grade open-pit mining conditions with favorable logistics and some existing infrastructure on site.

Uryakh – Key Exploration Asset

Uryakh is a highly prospective ore field with resource potential associated with quartz veins, gold-bearing stockworks and other types of mineralisation, located in Irkutsk region of Russia, 60 km from Baikal-Amur main line railway.

Brief overview

Location	Location	Russia, Irkutsk region, 60km away from BAM railway
	Infrastructure	Will require construction of all-season road
	Development stage	Advanced exploration
	Possible start-up year	2018
	Resources	1.77 Moz at 3.81 g/t
	Reserve potential	1.5 - 2.5 Moz
	Scoping study	2014-2015

Prognoz Silver – Key Exploration Asset

The Prognoz property hosts silver-lead-zinc vein-type deposits within a shear zone, where the host rocks are sandstones.

Brief overview

Location	Location	Russia, Yakutia
	Infrastructure	300km winter road access
Project parameters	Ownership	Nordgold - 50%
	Mine type	Potentially underground
	Development stage	Scoping study completed
	Resources	290 Moz at 600 g/t of silver in Indicated & Inferred (50^50)

Map of Operation

Mineral Resources and Ore Reserves

Delivering organic growth by developing our Mineral Resources and Ore Reserves represents one of the targets of our strategy.

In 2013-2014, Nordgold invested US$104.5 million in exploration and evaluation and additional US$11.8 million in exploration at the Montagne d'Or earn-in project in French Guiana and $2.3 million at the Pistol Bay project in Canada. Our investment has delivered significant success:

3% increase in Ore Reserves to 13.0Moz of gold since 2012 despite depletion of 2.3Moz due to the success of our 2013-2014 exploration programmes, which were mainly focused on standalone growth projects.

Measured and Indicated Resources increased by 21% to 21.8Moz. Total Mineral Resources decreased by 16% to 29.0Moz of gold as at December 31, 2014 due to significant reduction of Inferred Resources as a result of the implementation of a new JORC 2012 best practice approach in reporting Minerals Resources within pit shells, with estimates defined by a gold price, costs and other relevant modifying factors.

The drilling programme at the Bouly project resulted in maiden Ore Reserves of 1.32Moz and Mineral Resources tripled to 3.5Moz. Excellent economic results from the Feasibility Study and maiden Ore Reserves have enabled Nordgold to progress the Bouly project from exploration and evaluation to a design and construction phase.

Gold Reserves at the Gross project increased by 25% to 4.51Moz, contributing 35% of Nordgold's total Ore Reserves. Pilot stage production at Gross tracked results of the Feasibility Study with an excellent heap leach recovery rate ranging from 82.5% to 83.7% and achievement of low production costs.

The 2013-2014 exploration programme at the Montagne d'Or gold deposit delivered positive results, which will be incorporated in a future resource update. Montagne d'Or Mineral Resources will not be included in Nordgold's Mineral Base until our option to earn-in 50.01% is executed, by no later than March 2017.

Substantial Mineral Resources upgrade at the Uryakh exploration project in Russia to 1.77 Moz at 3.78 g/t.

Increase in Mineral Resources at Buryatzoloto mines with shorter life-of-mine – Zun-Holba and Irokinda, as well as at Neryungri.

48% increase in silver Ore Reserves to 23.6 Moz due to the conversion of 7.6 Moz of silver Resources to Reserves at Gross.

Mineral Resources and Reserves are reported in accordance with the standards described by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012 Code)*.

* JORC-compliant Mineral Resources and Ore Reserves audit was undertaken in 2014 - Reserves and Resources Statement dated April 2015.

Proven and probable ore reserves

	Koz
Burkina Faso	3,570
Guinea	2,600
Kazakhstan	700
Russia	6,098
Total	12,968

Measured, indicated and inferred resources

	Measured and indicated, Koz	Inferred, Koz
Burkina Faso	4,665	2,958
Guinea	3,741	1,787
Kazakhstan	1,262	525
Russia	12,084	1,973
Total	21,752	7,242

2015-2016 key exploration priorities

As exploration programmes at Nordgold's main growth projects were largely completed in 2013-2014, the focus has now been shifted to near mine exploration at operating mines with the aim of replacing mined out Ore Reserves annually. Mines with the greatest conversion potential include Lefa, Bissa, Zun-Holba and Neryungri.

Nordgold has strengthened its geological capability further with the appointment of Howard Golden as Exploration Director, who has over 24 years of exploration experience in the mining industry, across six continents.

Gold Reserves Estimate (1st January 2013)

In accordance with the Guidelines of the JORC Code (2012)

			Cut-off	Proven				Probable				Proven+Probable			
Area	**Mine/Project**	**Ore Type**	**grade Au g/t**	**Ore (kt)**	**Au (g/t)**	**Au (kg)**	**Au (Koz)**	**Ore (kt)**	**Au (g/t)**	**Au (kg)**	**Au (Koz)**	**Ore (kt)**	**Au (g/t)**	**Au (kg)**	**Au (Koz)**
Russia	**Aprelkovo**	Oxide (In-situ)	0.35	173	0.71	123	4	639	0.88	562	18	812	0.84	685	22
		Transitional (In-situ)	0.67	98	1.12	110	3.53	357	1.44	514	17	455	1.37	624	20
		Sulphide (In-situ)	0.68	838	1.52	1,274	41	1,288	1.33	1,713	55	2,126	1.40	2,987	96
		Stockpiles (All Types)	0.5	1,442	0.66	952	31	-	-	-	-	1,442	0.66	952	31
	Mine Total			**2,551**	**0.96**	**2,458**	**79**	**2,284**	**1.22**	**2,789**	**90**	**4,835**	**1.09**	**5,248**	**169**
	Berezitovy	Sulphide (In-situ)	0.57	837	2.04	1,707	55	5,854	2.09	12,235	393	6,691	2.08	13,942	448
		Stockpiles (All Types)	0.51	5,688	1.07	6,087	196	-	-	-	-	5,688	1.07	6,087	196
	Mine Total			**6,525**	**1.19**	**7,794**	**251**	**5,854**	**2.09**	**12,235**	**393**	**12,379**	**1.62**	**20,029**	**644**
	Neryungri	Oxide (In-situ)	0.46	4,567	0.74	3,380	109	8,144	0.76	6,189	199	12,711	0.75	9,569	308
		Stockpiles (All Types)	0.5	230	0.63	145	5	-	-	-	-	230	0.63	145	5
	Mine Total			**4,797**	**0.73**	**3,524**	**113**	**8,144**	**0.76**	**6,189**	**199**	**12,941**	**0.75**	**9,714**	**312**
	Gross	Oxide (In-situ)	0.3	9,083	0.74	6,721	216	182,929	0.73	133,538	4,293	192,012	0.73	140,260	4,509
		Stockpiles (All Types)	0.5	-	-	-	-	-	-	-	-	-	-	-	-
	Project Total			**9,083**	**0.74**	**6,721**	**216**	**182,929**	**0.73**	**133,538**	**4,293**	**192,012**	**0.73**	**140,260**	**4,509**
	Zun-Holba	Sulphide (In-situ)	3.1	757	5.01	3,796	122	158	5.44	858	28	915	5.09	4,654	150
		Stockpiles (All Types)	1.2	10	4.40	46	1	-	-	-	-	10	4.40	46	1
	Mine Total			**768**	**5.00**	**3,842**	**124**	**158**	**5.44**	**858**	**28**	**926**	**5.08**	**4,701**	**151**
	Irokinda	Sulphide (In-situ)	2.9	693	6.54	4,530	146	704	7.26	5,111	164	1,396	6.90	9,641	310
		Stockpiles (All Types)	1.1	19	4.47	84	3					19	4.47	84	3
	Mine Total			**712**	**6.48**	**4,614**	**148**	**704**	**7.26**	**5,111**	**164**	**1,415**	**6.87**	**9,725**	**313**
AREA TOTAL				**24,435**	**1.18**	**28,955**	**931**	**200,073**	**0.80**	**160,721**	**5,167**	**224,508**	**0.84**	**189,676**	**6,098**
Burkina Faso	**Bissa**	Weathered (In-situ)	0.6	1,509	1.59	2,403	77	17,464	1.52	26,457	851	18,972	1.52	28,861	928
		Transitional (In-situ)	0.7	131	1.59	208	7	4,384	1.73	7,580	244	4,515	1.73	7,789	250
		Fresh (In-situ)	0.9	20	2.40	48	2	7,217	1.80	13,005	418	7,237	1.80	13,053	420
		Stockpiles (All Types)	0.6	3,432	0.70	2,385	77	-	-	-	-	3,432	0.70	2,385	77

	Sub Total			**5,091**	**0.99**	**5,044**	**162**	**29,065**	**1.62**	**47,043**	**1,512**	**34,156**	**1.52**	**52,087**	**1,675**
	Bouly	Weathered (In-situ)		-	-	-	-	39,826	0.53	21,000	675	39,826	0.53	21,000	675
		Transitional (In-situ)		-	-	-	-	32,767	0.58	19,076	613	32,767	0.58	19,076	613
		Fresh (In-situ)		-	-	-	-	1,238	0.73	902	29	1,238	0.73	902	29
		Stockpiles (All Types)		-	-	-	-	-	-	-	-	-	-	-	-
AREA TOTAL				**24,435**	**1.18**	**28,955**	**931**	**200,073**	**0.80**	**160,721**	**5,167**	**224,508**	**0.84**	**189,676**	**6,098**
Burkina Faso	**Bissa**	Weathered (In-situ)	0.6	1,509	1.59	2,403	77	17,464	1.52	26,457	851	18,972	1.52	28,861	928
		Transitional (In-situ)	0.7	131	1.59	208	7	4,384	1.73	7,580	244	4,515	1.73	7,789	250
		Fresh (In-situ)	0.9	20	2.40	48	2	7,217	1.80	13,005	418	7,237	1.80	13,053	420
		Stockpiles (All Types)	0.6	3,432	0.70	2,385	77	-	-	-	-	3,432	0.70	2,385	77
	Sub Total			**5,091**	**0.99**	**5,044**	**162**	**29,065**	**1.62**	**47,043**	**1,512**	**34,156**	**1.52**	**52,087**	**1,675**
	Bouly	Weathered (In-situ)		-	-	-	-	39,826	0.53	21,000	675	39,826	0.53	21,000	675
		Transitional (In-situ)		-	-	-	-	32,767	0.58	19,076	613	32,767	0.58	19,076	613
		Fresh (In-situ)		-	-	-	-	1,238	0.73	902	29	1,238	0.73	902	29
		Stockpiles (All Types)		-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total			-	-	-	-	**73,831**	**0.56**	**40,979**	**1,318**	**73,831**	**0.56**	**40,979**	**1,318**
	Taparko Mine	Weathered (In-situ)		-	-	-	-	384	2.06	790	25	384	2.06	790	25
		Transitional (In-situ)		-	-	-	-	70	2.30	160	5	70	2.30	160	5
		Fresh (In-situ)		-	-	-	-	3,456	3.12	10,795	347	3,456	3.12	10,795	347
		Stockpiles (All Types)		773	1.43	1,106	36	-	-	-	-	773	1.43	1,106	36
	Yeou	All Types		-	-	-	-	517	2.95	1,526	49	517	2.95	1,526	49
		Stockpiles (All Types)		-	-	-	-	-	-	-	-	-	-	-	-
	Bouroum	All Types		-	-	-	-	1,178	2.89	3,399	109	1,178	2.89	3,399	109
		Stockpiles (All Types)		120	1.59	191	6	-	-	-	-	120	1.59	191	6
	Sub Total			**893**	**1.45**	**1,297**	**42**	**5,604**	**2.97**	**16,670**	**536**	**6,497**	**2.77**	**17,967**	**578**
AREA TOTAL				**5,984**	**1.06**	**6,341**	**204**	**108,500**	**0.96**	**104,693**	**3,366**	**114,484**	**0.97**	**111,034**	**3,570**
Guinea	**Lero Karta**	All Types	0.4	311	1.17	363	12	32,396	1.44	46,775	1,504	32,707	1.44	47,138	1,516
		Stockpiles (All Types)	0.4	1,142	0.55	629	20	-	-	-	-	1,142	0.55	629	20
	Fayalala	All Types	0.4	455	1.15	523	17	6,457	1.11	7,168	230	6,912	1.11	7,692	247
		Stockpiles (All Types)	0.4	4,215	0.64	2,696	87	-	-	-	-	4,215	0.64	2,696	87
	Kankarta	All Types	0.4	-	-	-	-	5,044	1.20	6,035	194	5,044	1.20	6,035	194
		Stockpiles (All	0.4	161	0.67	108	3	-	-	-	-	161	0.67	108	3

		Types)													
	Firifirini	All Types	0.4	-	-	-	-	6,104	1.76	10,751	346	6,104	1.76	10,751	346
	Toume Toume **	All Types	0.6	210	1.41	296	10	440	1.35	594	19	650	1.37	890	29
	Heap Leach	Stockpiles (All Types)	0.3	6,286	0.59	3,680	118	3,136	0.40	1,251	40	9,422	0.52	4,931	159
AREA TOTAL				**12,780**	**0.65**	**8,295**	**267**	**53,578**	**1.35**	**72,575**	**2,333**	**66,358**	**1.22**	**80,870**	**2,600**
Kazakhstan	**Suzdal**	Sulphide (In-situ)	3.1	1,729	8.06	13,936	448	445	6.48	2,884	93	2,174	7.74	16,819	541
		Stockpiles (All Types)	2.0	170	4.97	842	27	-	-	-	-	170	4.97	842	27
		Tailings Retreatment	2	575	7.14	4,106	132	-	-	-	-	575	7.14	4,106	132
AREA TOTAL				**2,474**	**7.63**	**18,884**	**607**	**445**	**6.48**	**2,884**	**93**	**2,919**	**7.46**	**21,767**	**700**
TOTAL - ALL PROJECTS				**45,673**	**1.37**	**62,475**	**2,009**	**362,595**	**0.94**	**340,872**	**10,959**	**408,268**	**0.99**	**403,347**	**12,968**

* Numbers may not add up due to rounding.
** Mineral Reserves quoted here were estimated by Hellman and Schofield in conjuntion with Crew Gold, reported in NI43-101 Report 'Disclosure of Mineral Resources and Reserves, Lefa Gold Mine, Northeast Guinea, Technical Report Update', November 2009. Where applicable these resource models have been updatedby WAI with the current topography and optimised using new optimisation parameters. It is understood that no additional drilling has been carried out on these sites since the 2009 Technical Report. The resource models upon which these figures are based have not been audited by WAI. NB; Toume Toume reserves are 2012 values.

Gold Resources Estimate (31 December 2014)

In accordance with the guidelines of the JORC Code (2012)*

	Deposit	Zone	Cut-off grade Au (g/t)	Measured				Indicated				Measured + Indicated				Inferred			
				Tonnage (kt)	Au (g/t)	Au Metal		Tonnage (kt)	Au (g/t)	Au Metal		Tonnage (kt)	Au (g/t)	Au Metal		Tonnage (kt)	Au (g/t)	Au Metal	
						kg	Koz			kg	Koz			kg	Koz			kg	Koz
Russia																			
	Berezitovy	**All Zones**	0.48	880	2.12	1,864	60	8,097	1.96	15,875	510	8,977	1.98	17,739	570	3,216	3.11	9,994	321
		Stockpiles	0.51	5,688	1.07	6,087	196	-	-	-	-	5,688	1.07	6,087	196	-	-	-	-
	Aprelkovo	**All Zones**	0.50	734	1.54	1,128	36	4,247	1.20	5,117	165	4,981	1.25	6,245	201	958	1.19	1,141	37
		Stockpiles	0.50	1,442	0.66	952	31	-	-	-	-	1,442	0.66	952	31	-	-	-	-
	Zone 10	**All Zones**	0.50	-	-	-	-	238	1.53	364	12	238	1.53	364	12	16	1.73	27	1
	Nerchinsk	**All Zones**	0.50	-	-	-	-	333	1.02	339	11	333	1.02	339	11	90	1.56	141	4
	Gross	**All Zones**	0.30	10,857	0.70	7,648	246	345,422	0.67	232,991	7,491	356,279	0.68	240,639	7,737	44,590	0.61	27,276	877
	Neryungri	**All Zones**	0.30	5,104	0.75	3,848	124	39,609	0.72	28,325	911	44,713	0.72	32,172	1,034	10,607	0.99	10,458	325
		Stockpiles	0.50	230	0.63	145	5	-	-	-	-	230	0.63	145	5	-	-	-	-
	Visokiy	**All Zones**	0.36	-	-	-	-	-	-	-	-	-	-	-	-	55	1.12	62	2
	Uryakh	**OP**	0.65	-	-	-	-	3,058	4.07	12,446	400	3,058	4.07	12,446	400	304	2.13	648	21
		UG	2.00	-	-	-	-	8,712	3.71	32,322	1,039	8,712	3.71	32,322	1,039	2,483	3.86	9,584	308
	Zun-Holba	**All Zones**	3.00	570	8.74	4,979	160	831	12.48	10,366	333	1,400	10.96	15,345	493	116	17.68	2,044	64
		Stockpiles	3.00	10	4.40	46	1	-	-	-	-	10	4.40	46	1	-	-	-	-
		Placer Pionerskoye	1.80	115	3.03	350	11	-	-	-	-	115	3.03	350	11	-	-	-	-
	Irokinda	**All Zones**	3.00	429	12.38	5,313	171	462	11.39	5,260	169	891	11.87	10,573	340	-	-	-	-
		Stockpiles	3.00	19	4.47	84	3	-	-	-	-	19	4.47	84	3	-	-	-	-
AREA TOTAL				**26,078**	**1.24**	**32,444**	**1,043**	**411,011**	**0.84**	**343,403**	**11,041**	**437,089**	**0.86**	**375,847**	**12,084**	**62,435**	**0.98**	**61,375**	**1,973**
Burkina Faso																			
Taparko Bouroum	**Taparko**	**All Zones**	0.50	132	2.97	391	13	3,709	3.16	11,735	377	3,841	3.16	12,126	390	29	3.24	94	3
	Stockpiles (All	**All**		2,557	0.91	2,336	75	-	-	-	-	2,557	0.91	2,336	75	-	-	-	-

	Deposit	Zone	Cut-off grade Au (g/t)	Measured				Indicated				Measured + Indicated				Inferred			
				Ton-nage (kt)	Au (g/t)	Au Metal		Ton-nage (kt)	Au (g/t)	Au Metal		Ton-nage (kt)	Au (g/t)	Au Metal		Ton-nage (kt)	Au (g/t)	Au Metal	
						kg	Koz			kg	Koz			kg	Koz			kg	Koz
	Types)	**Zones**																	
	Yeou	**All Zones**	0.50	-	-	-	-	738	2.88	2,126	68	738	2.88	2,126	68	76	1.64	124	4
	Bouroum	**All Zones**	0.50	4	1.88	8	-	1,356	2.68	3,633	117	1,360	2.68	3,641	117	-	-	-	-
	Stockpiles (All Types)	**All Zones**		185	1.45	269	9	-	-	-	-	185	1.45	269	9	-	-	-	-
	Nairy	**All Zones**	0.50	-	-	-	-	2,690	1.16	3,120	100	2,690	1.16	3,120	100	464	0.97	450	14
	Baola	**All Zones**	0.50	-	-	-	-	532	0.79	420	14	532	0.79	420	14	817	1.12	915	29
	Ankouma	**All Zones**	0.50	-	-	-	-	-	-	-	-	-	-	-	-	2,217	1.02	2,261	73
All Zones				**2,878**	**1.04**	**3,004**	**97**	**9,024**	**2.33**	**21,034**	**676**	**11,903**	**2.02**	**24,038**	**773**	**3,603**	**1.07**	**3,844**	**124**
Bissa	**Bissa**	**All Zones**	**0.50**	1,683	1.61	2,710	87	30,940	1.37	42,535	1,368	32,622	1.39	45,245	1,455	10,299	1.49	15,314	492
	Gougre	**All Zones**		-	-	-	-	4,983	1.79	8,908	286	4,983	1.79	8,908	286	1,173	1.53	1,797	58
	Ronguen	**All Zones**		-	-	-	-	3,573	1.73	6,200	199	3,573	1.73	6,200	199	8	0.83	7	0
	Stockpiles (All Types)	**All Zones**		6,104	0.56	3,427	110	-	-	-	-	6,104	0.56	3,427	110	-	-	-	-
	Liliga	**All Zones**	**0.50**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sakou	**All Zones**	**0.50**	-	-	-	-	-	-	-	-	-	-	-	-	2,232	1.36	3,035	98
	Bouly	**All Zones**	**0.34**	-	-	-	-	107,453	0.53	57,293	1,842	107,453	0.53	57,293	1,842	82,189	0.62	51,165	1,645
	Bissa Sud	**All Zones**	**0.50**	-	-	-	-	-	-	-	-	-	-	-	-	568	0.94	534	17
	Zinigma	**All Zones**	**0.50**	-	-	-	-	-	-	-	-	-	-	-	-	3,463	1.51	5,229	168
All Zones				**7,787**	**0.79**	**6,137**	**197**	**146,949**	**0.78**	**114,935**	**3,695**	**154,736**	**0.78**	**121,072**	**3,893**	**99,932**	**0.77**	**77,081**	**2,478**
	Wayin	**All Zones**	**0.50**	-	-	-	-	-	-	-	-	-	-	-	-	16,043	0.69	11,070	356
	Labola	**All Zones**	**0.40**	-	-	-	-	-	-	-	-	-	-	-	-				
AREA TOTAL				**10,665**	**0.79**	**9,140**	**294**	**155,973**	**0.87**	**135,970**	**4,372**	**166,639**	**0.87**	**145,110**	**4,665**	**119,578**	**0.77**	**91,995**	**2,958**
Guinea	**Lero Karta**	**All Zones**	**0.57**	316	1.13	359	12	41,075	1.33	54,646	1,757	41,390	1.33	55,004	1,768	10,778	1.20	12,954	416
	Fayalala	**All Zones**	**0.54**	769	1.01	775	25	10,132	1.03	10,459	336	10,901	1.03	11,234	361	8,720	1.17	10,221	329
	Kankarta	**All Zones**	**0.50**	-	-	-	-	17,758	1.08	19,108	614	17,758	1.08	19,108	614	22,931	0.98	22,395	720
	Kankarta North	**All Zones**	**0.50**	-	-	-	-	1,098	0.88	965	31	1,098	0.88	965	31	-	-	-	-

	Deposit	Zone	Cut-off grade Au (g/t)	Measured				Indicated				Measured + Indicated				Inferred			
				Ton-nage (kt)	Au (g/t)	Au Metal		Ton-nage (kt)	Au (g/t)	Au Metal		Ton-nage (kt)	Au (g/t)	Au Metal		Ton-nage (kt)	Au (g/t)	Au Metal	
						kg	Koz			kg	Koz			kg	Koz			kg	Koz
	Banko	**All Zones**	**0.50**	-	-	-	-	80	2.09	167	5	80	2.09	167	5	119	1.47	175	6
	Banko South Extension	**All Zones**	**0.50**	-	-	-	-	1,873	1.26	2,367	76	1,873	1.26	2,367	76	480	1.18	566	18
	LEFA Corridor Stockpiles	**All Zones**	**0.60**	5,518	0.62	3,433	110	-	-	-	-	5,518	0.62	3,433	110	-	-	-	-
	LEFA Corridor Heapleach	**All Zones**	**0.30**	9,422	0.52	4,931	159	-	-	-	-	9,422	0.52	4,931	159	-	-	-	-
	Firifirini	**All Zones**	**0.50**	-	-	-	-	8,078	1.67	13,520	435	8,078	1.67	13,520	435	882	2.06	1,820	59
	Toume Toume**	**All Zones**	**0.50**	268	1.28	342	11	576	1.19	684	22	844	1.22	1,026	33	693	1.19	825	27
	Banora**	**All Zones**	**0.80**	2,196	1.69	3,701	119	598	1.51	902	29	2,794	1.65	4,603	148	330	1.60	529	17
	Dihuili Bougoufe**	**-**	**0.80**	-	-	-	-	-	-	-	-	-	-	-	-	273	1.94	529	17
	Dar Salaam**	**-**	**0.80**	-	-	-	-	-	-	-	-	-	-	-	-	522	1.07	560	18
	Diguili North**	**-**	**0.80**	-	-	-	-	-	-	-	-	-	-	-	-	1,782	1.36	2,426	78
	Banora West**	**-**	**0.80**	-	-	-	-	-	-	-	-	-	-	-	-	432	1.51	653	21
	Hansaghere**	**-**	**0.80**	-	-	-	-	-	-	-	-	-	-	-	-	511	1.10	560	18
	Sikasso**	**-**	**0.80**	-	-	-	-	-	-	-	-	-	-	-	-	584	1.39	809	26
	Solabe**	**-**	**0.80**	-	-	-	-	-	-	-	-	-	-	-	-	371	1.51	560	18
AREA TOTAL				**18,489**	**0.73**	**13,541**	**435**	**81,268**	**1.27**	**102,818**	**3,306**	**99,756**	**1.17**	**116,358**	**3,741**	**49,408**	**1.12**	**55,582**	**1,787**
Kazakhstan	**Balazhal*****	**All Zones**	**1.00**	-	-	-	-	182	1.53	279	9	182	1.53	279	9	926	3.53	3,266	105
	Suzdal	**All Zones**	**1.50**	**2,607**	6.48	**16,901**	543	**2,526**	3.86	**9,757**	314	5,133	5.19	26,658	857	**737**	3.96	**2,922**	94
		Stock-piles	**1.50**	**170**	4.97	**842**	27	-	-	-	-	170	4.97	842	27	-	-	-	-
		Tail-ings Re-treat-ment	**2.00**	**575**	7.14	**4,106**	132	-	-	-	-	575	7.14	4,106	132	-	-	-	-
	Zherek****	**All Zones**	**0.50**	-	-	-	-	3,644	2.02	7,358	237	3,644	2.02	7,358	237	6,116	1.66	10,126	326
AREA TOTAL				**3,352**	**6.52**	**21,849**	**702**	**6,352**	**2.74**	**17,394**	**559**	**9,704**	**4.04**	**39,243**	**1,262**	**7,779**	**2.10**	**16,314**	**525**
TOTAL - Projects				**58,583**	**1.31**	**76,974**	**2,475**	**654,604**	**0.92**	**599,584**	**19,277**	**713,187**	**0.95**	**676,558**	**21,752**	**239,200**	**0.94**	**225,266**	**7,242**

* Mineral resources include mineral reserves. Numbers may not add up due to rounding.
** Mineral Resources quoted here-in were estimated by Hellman and Schofield in conjunction with Crew Gold, reported in NI43-101 Report 'Disclosure of Mineral Resources and Reserves, Lefa Gold Mine, Northeast Guinea, Technical Report Update', November 2009. It is understood that no additional drilling has been carried out on these sites since the 2009 Technical Report. The resource models upon which these figures are based have not been audited by WAI.
*** Mineral Resources quoted here-in were estimated by WAI, reported in MM681 Updated CPR Report on the Zherek Asset, Kazakhstan, April 2012.
**** Mineral Resources quoted here-in were estimated by WAI, reported in MM676 Updated CPR Report on the Balazhal Gold Asset, Kazakhstan, April 2012.

Market Overview

Gold production is Nordgold's core business. Therefore, the management is continuously monitoring and analysing the dynamics of the gold market, including statistics and trends. This approach provides us with the necessary flexibility to operate in the most efficient way in such challenging and volatile market conditions.

The price of gold is determined by supply and demand. However, savings and speculation also affect both the gold price and its consumption, unlike other commodities.[1]

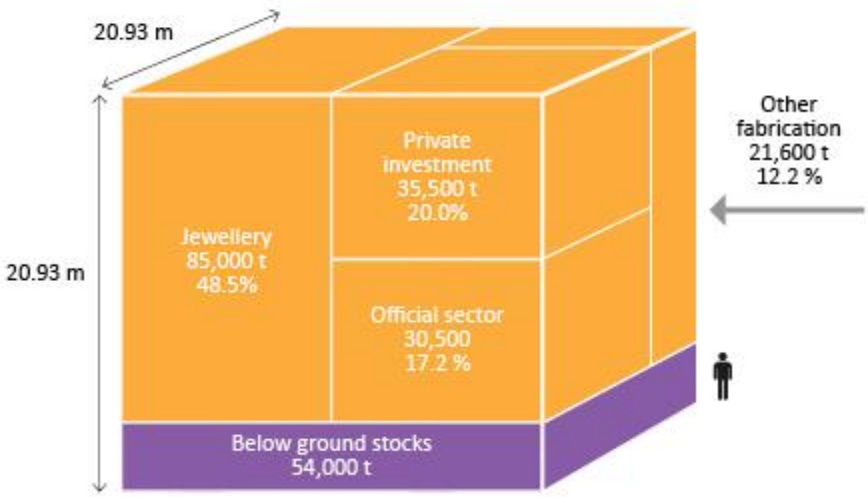
[1] http://www.ereport.ru/articles/commod/gold.htm

The gold market has rapidly developed over the past decade, shifting from its traditional axis in the West to its new centre in the East. World Gold Council research shows that while global consumer demand for gold has increased nearly 50% over the last decade or so, demand for gold in South East Asia has increased by over 250% during the same period. China and India are the two largest markets for gold now.

There are several drivers for the gold market. First, gold is a renewable resource with no degradation in quality.

The jewellery industry is the main consumer of gold, though this demand can be converted to the supply side as a gold scrap. Besides, jewellery is by far the largest component of gold above-ground stocks– accounting for almost half of the 177,200t of gold estimated to be held by private owners and central banks (as of 2014).

Total above ground stocks = 177,200t (US$8.0tn)



Second, Central Banks and international organisations (such as the IMF) also hold a certain amount of gold as a part of their reserves. State gold reserves, concentrated in the Central Banks and the reserves of the IMF, constitute around 31Kt today. Central banks' sales and purchases of gold play a significant role in gold demand/supply balance and price dynamics.

However, the main part of the supply of gold comes from mining. Mining volumes are volatile as mining companies adjust their production to changing gold price expectations, though the response to the market price decline is usually delayed and lags behind. Accounting for the major share of gold supply, gold miners have a relatively small share of market power and cannot affect or manipulate gold prices in any way.

Gold Demand

The total demand for gold consists of four components - Jewellery, Technology, Investment demands and Central Bank Net Purchases. In 2014, jewellery demand accounted for more than 50% of total gold supply. This was followed by the investment sector. This demand came from the consumption of bars and coins, as well as resulting from the trading of Exchange Traded Funds (ETFs) and similar financial products.

Gold demand	Tonnes				Value (US$ million)		
	2012	2013	2014	% Δ (2014-2013)	2012	2013	2014
Jewellery	1,896.10	2,384.6	2,152.9	-10	101,745	108,197	87,659
Technology	407.5	408.2	389.0	-5	21,864	18,520	15,837
Investment	1,568	885.4	904.6	2	84,144	40,173	36,830
Central Bank Net Purchases	544.1	409.3	477.2	17	29,193	18,572	19,429
Total gold demand	4,415.80	4,087.6	3,923.7	-4	236,946	185,461	159,754

Consolidated demand for gold declined slightly by 4% YoY in 2014 due to a reduction in jewellery, other industry consumption and volumes of gold ETF holdings. However, it should be noted that the demand looks more stable compared with 2013. In 2013, the gold price suffered its first annual loss in 12 years, falling by around 29%. The main reason was strong outflows from gold-backed ETFs, as investors did not expect a significant inflationary pressure and therefore did not need a protection against it, followed by deteriorating sentiment in the derivatives markets. In 2014, ETF volumes were more or less stable during the year, which led to a stabilisation of demand.

Though we do not expect substantial demand growth for gold in the short-term, we do not expect a fall either, for the following reasons:

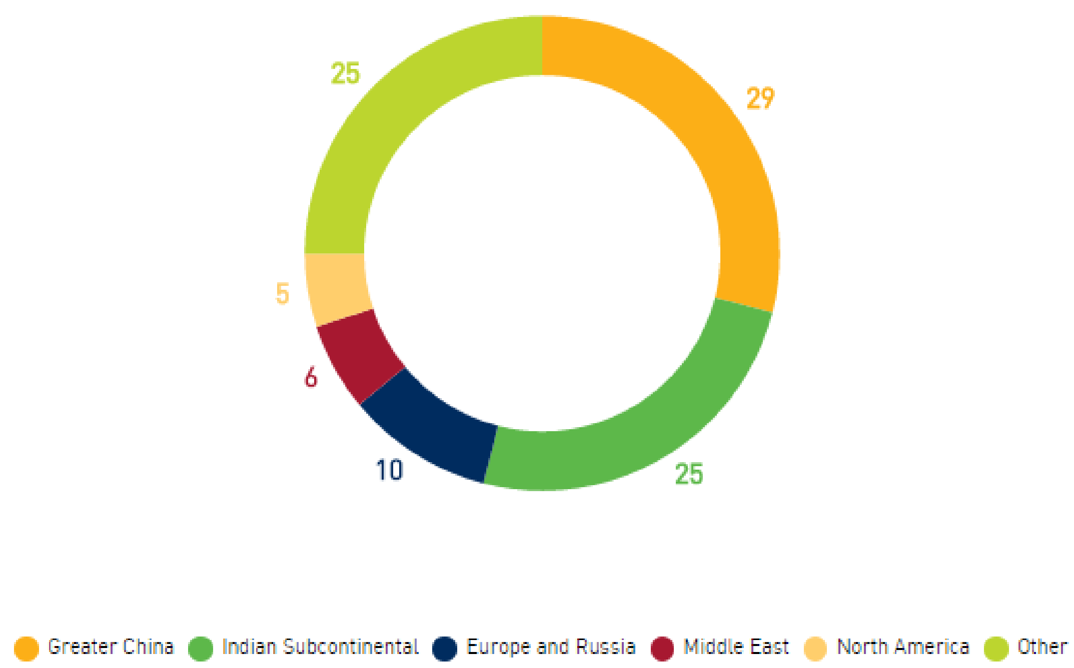
- Modest economic growth in the world, including the US, the Eurozone and China.
- An anticipated recovery in investor confidence around the US markets, amidst signs of economic recovery and an upsurge in US share prices.
- The current relative low level of the gold price which acts as a support, stimulating consumer demand, particularly from the jewellery segment.
- Demand for gold from emerging markets, especially from China and India, is growing, albeit at a slower rate.

In 2014 the consumer market for gold was dominated by India and China, which together accounted for almost 55% of the global jewellery sector purchases and slightly less than half of total bar and coin demand.

In 2014 China was the largest gold consumer, with India following closely behind. However, Chinese gold demand slid by more than a third last year to a four-year low of 866 tonnes.[1]

[1] the report by GFMS analysts at Thomson Reuters.

Proportion of gold demand by region (2014)



Jewellery demand

In 2014 global annual jewellery demand was 2,152.9t. On the face of it, a 10% year-on-year decline suggests a relatively weak market. But demand for jewellery remains at higher levels than in 2009-2012.

Gold jewellery demand in China *slowed down* to 623.5t (33 % below the previous year's "extraordinary" levels) as a result of slower economic growth. In general the demand was comparable with 2012.

Demand for gold jewellery in India *rose* by 8% to a record 662 tonnes last year, in spite of government measures designed to restrict gold imports being in place for much of the year. But general consumer sentiment among the Indian population is rising, aided by confidence in the new government with promising economic policy , as well as a weakening of the rupee gold price during August and September, which supported gold demand to an extent.

Turkey, Middle East, Vietnam, Indonesia, and Thailand – also show a decrease in jewellery demand. Each of the smaller markets was affected by its own individual set of adverse economic circumstances that proved to be detrimental to jewellery demand.

Together with this there had been the revival of US and UK Jewellery Market. Lower gold prices have aided the recovery of US and UK demand as retailers are more easily able to meet key price points without crimping margins.

Gold jewellery demand in Russia decreased to 70.6t with a 4% year-on-year decline

Having been fairly robust for much of the year, gold jewellery demand in Russia dropped sharply in the fourth quarter. This was in view of a rise in the average domestic gold price due to a weaker rouble.

Central banks demand

Collectively, at the end of 2014, central banks held more than 30,500 tonnes of gold, which is approximately one-fifth of all the gold ever mined. Moreover, these holdings are highly concentrated in the advanced economies of Western Europe and North America.

2014 was another solid year of strengthening reserves with gold. With many economic and geopolitical risks rising, central banks once again sought the protection and diversification of gold. In 2014 net official sector purchases were 477.2 tonnes, a 17% increase compared with 2013.

Similar to recent years, purchases were mainly from the Commonwealth of Independent States (CIS). Russia (173t), Kazakhstan (48t), Iraq (48) and Azerbaijan (10t) continued to add significantly to their gold reserves. Other central banks made smaller purchases during the year (5t or less).

Accordingly to the fourth Central Bank Gold Agreement (signed in September 2014) the European Central Bank and 20 other European central banks do not have any plans to sell significant amounts of gold. This suggests that demand from the Central banks will remain at the current level or close to it during the next five years. Ukraine’s sale of almost 19t was by far the most sizable.

Official World Gold Holdings (International Financial Statistics, January 2015)

Country	Tonnes			% of reserve, 2014	
	The end of 2013	The end of 2014	Δ 2014-2013	The end of 2014	Δ 2014-2013
USA	8,133.5	8,133.5	0	71.6	1,6
Germany	3,387.1	3,384.2	(2.9)	66.4	0,4
IMF	2,814.0	2,814.0	0	-	
Italy	2,451.8	2,451.8	0	65.8	0.8
France	2,435.4	2,435.4	0	65.3	0.3
Russia	1,035.2	1.208.2	152.3	12	4.0
China	1,054.1	1,054.1	0	1.0	0.0
Switzerland	1,040.1	1,040.0	(0.1)	7.5	(0.5)

Investment

Following large investment outflows in 2013, 2014 has proven to be more stable for gold investment.

Total investment demand was up by 2% at 904.6t. The positive year-on-year comparison was not necessarily driven by an improvement in investor sentiment, but rather by a slowdown in outflows.

In 2014 ETF outflows were far smaller in scale than those last year. As of the end-of-year, ETF holdings have declined by a -159.1t, equivalent to just 18% of the outflows over 2013. It might be supposed that more tactical investors have largely exited and the remaining base of ETF positions are held as strategic investments.

Retail demand for gold decreased by 40% in 2014 after last year’s price-driven surge in demand for bars and coins.

It is important to consider that investors continue to monitor the US economic situation. The prospects of US interest rates remaining low ‘for a considerable time’ and the widely-anticipated end to quantitative easing (QE) by the Federal Reserve eclipsed all other considerations. Under these conditions, investors have no sufficient reason to focus on investments in gold assets.

Technology demand

Various factors continue to pressurise gold demand for technological applications. Demand in 2014 constituted 389.0t, 5% lower than in 2013. The demand for gold from the technological industry accounted for 10% of total gold demand.

Such dynamics is observed even taking into account that the electronic segment is strengthening as demand for consumer electronics trends higher. This growth is reflective of an improving and more stable global economy, although economic concerns surrounding Europe and China have hampered demand in those regions. The primary technological usages for gold are production of gold bonding wire, dental applications and decorative uses.

Gold Supply

Gold supply in 2012-2014

Gold supply	Tonnes		
	2012	2013	2014
Mining	2,804.1	3,011.4	3,156.5
Recycled gold	1,590.8	1,262.0	1,121.7
Total supply	**4,415.2**	**4,273.4**	**4,278.2**

In 2014 annual gold mine production grew by 2% to 3,156.5 tonnes. China, Russia and Canada were the main contributors to the global growth of gold mining. Other countries making substantial positive inputs were Australia, Indonesia, Dominican Republic, Democratic Republic of Congo and Cote d'Ivoire.

At the country level, mine supply contracted year-on-year in Peru, the US, South Africa Mexico.

The first 10 largest countries in the production of gold, tons[1]

Country	2014	2013	Δ 2014-2013%
China	465.7	438.2	6
Russia	272.0	248.8	9
Australia	269.7	268.1	1
US	200.4	228.2	(12)
Peru	169.3	187.7	(10)
South Africa	164.5	177.0	(7)
Canada	153.1	133.3	15
Mexico	115.7	119.8	(3)
Indonesia	109.9	109.2	1
Ghana	106.1	107.4	(1)

[1] http://gold.1prime.ru/bulletin/analytics/show.asp?id=34242

Producers continued to show little appetite for hedging. The outstanding global hedge book stands at 42.1 tonnes.

The volume of recycled gold flowing into the market continued to diminish to seven-year lows. Supply from this source (1,121.7t) was 11% down year-on-year. The contraction was seen in both developed and emerging markets. This was partly a consequence of gold prices being relatively low and stable, and partly due to ready supplies of old gold being exhausted.

With the increase in gold mine production total gold supply changed moderately in 2014. World Gold Council experts are of the opinion that mine production will plateau in the next couple of years. Taking into account the current gold prices and the estimation of the average all-in costs of production (currently stands at US$1,350/oz.*) made by GFMS-Thomson Reuters , the contracting of mine production over the next few years is expected.

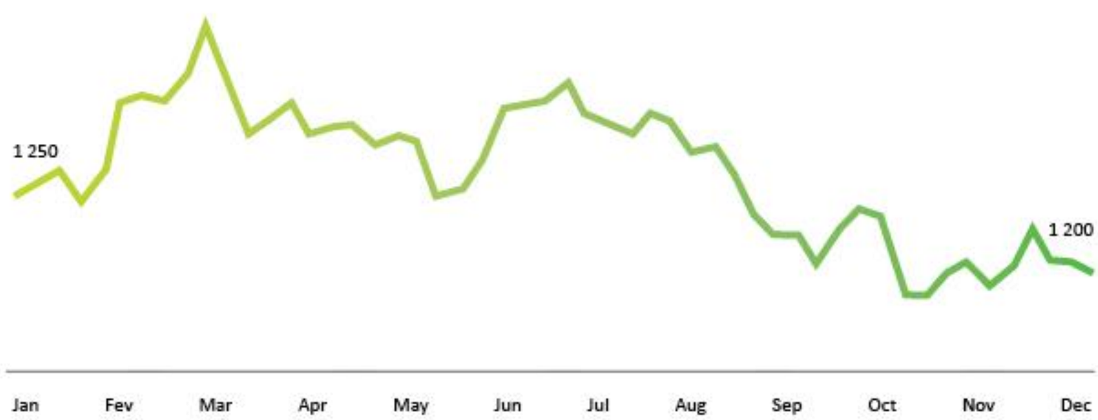
* 1) WGC. Investment Commentary - Looking into Q4 2014. October 2014 2) GFMS-Thompson Reuters, Gold Survey 2014, Update 1, September 2014. 2) Ibid; Reuters, Gold price seen near tipping point for mine cuts, closures, September 2014.

Gold Price and Price Trends

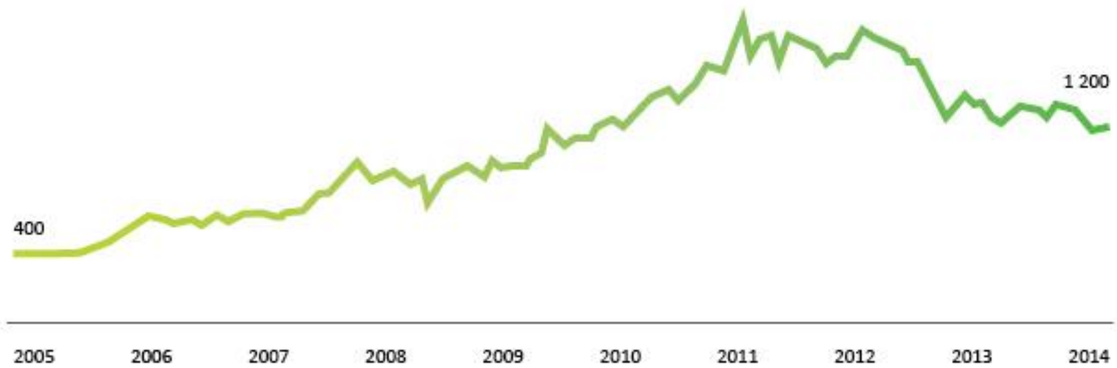
In 2014 the gold price was relatively stable in comparison with 2013 when it suffered the first annual loss in 12 years, dropping by around 29% YoY. The reasons were strong outflows from gold-backed ETFs and deteriorating sentiment in the derivatives markets.

During 2014, the gold's price was moving in a narrow range. Its all-year-minimum was just below US$1,200/oz and was reached in October, while all-year-maximum was slightly higher US$1,385/oz in March. At the same time, gold price was above the level posted at the end of 2013 (around US$1,250/oz) the most part of the year.

Weekly gold price in 2014



Monthly gold price for 10 years (2005-2014)



There are certain factors that have played leading roles in the price determining:

- The costs of gold production
- A recovery in investor confidence around the US markets, amidst signs of economic recovery and an upsurge in US share prices.
- Tapering of quantitative easing by the Federal Reserve as the US economy rebounds, easing concerns about potential inflationary pressure.
- An easing of fears around the potential for the Eurozone debt crisis to destabilise the world economy.
- Concern about the potential sale of gold by central banks in the highly indebted, southern EU member states.

The gold price, according to expert opinion, already incorporates expectations of economic growth and policy normalisation in the US. Thus, speculative factors significantly affect the price in the short-term overweighting the supply-demand fundamentals.

In early 2014, a filing with a US federal court accused the five banks involved in setting the London benchmark gold price fix of price manipulation. Regulators in the UK and Germany are also looking more closely at how banks set the gold fix. As expected, these actions will root out any price manipulation in future.

Historical analysis from the WGC suggests that the fall in the price of gold is likely to be temporary. Having examined price changes since the 1970s, it was found that during these periods of decline, the price of gold has fallen an average of 36% over 18 months (for example, similar to the 37% drop in the price of gold from its high in September 2011 to its lowest point in 2013). Following such falls, the gold price has then typically increased, on average, by more than twice the amount it has fallen previously.

Nordgold's Position in the Global Market

	Polyus Gold	Agnico-Eagle	IAMGOLD	Randgold	Petropavlovsk	ABG	Polymetal	Centerra	Semafo	Nordgold
Gold production, Koz	1,696	1,429	844	1,147	741	718	1,431	620.8	234	984.5
Total Reserves and Resources (incl Inferred) in GE (incl silver), Moz	195	48.4	28.4	-	25.1	29.0	40.4	19.4	6.2	34.7
Market capitalisation as of 15.03.2015, US$m	8,914	6,098	750.67	6,340	20.22	2,101	3,100	993.1	815	887.7
TCC, US$/oz	585	637	848	698		732			649	675
All-in Sustaining Costs (AISC), US$/oz	825	954	992			1,105		852	805	887

Based on reported 2014 production numbers, Nordgold was in the top-20 gold global producers and remained one of the leading gold companies in its peer group, gradually approaching the 1 Moz producer-league. Given the clearly-articulated strategy and solid project pipeline, the Company has all the potential to remain a strong market player in the future. After impressive efficiency improvement in 2014, Nordgold is well positioned in the first quartile of the global gold cost curve and is now one of the lowest-cost producers globally. All our assets generated positive FCF in 2014 and this remains one of our target in 2015 even in the current low market price environment.

The company's approach is to select and develop high-quality projects with low costs and high production capacity. The company continues to implement the efficiency-improvement initiatives and is going to further improve its position on the global cost curve. There are a number of reasons for the return of investor interest in gold assets:

- The gold price has already experienced a substantial correction and, as history shows, gold has tended to recoup a large portion of the losses before the next substantial downturn – even for investors who bought at the peak.
- Constraints in mine production and decrease in gold recycling have kept the market in balance.
- Gold remains a so-called safe-harbour investment, and the present political and economic instability supposes that investors will seek for the risk-free assets in order to hedge their risks. Gold's cost effectiveness makes it an attractive portfolio hedge compared to other strategies.

Performance and Efficiency

Operational Performance

Operating KPIs of Nordgold, Key Changes in 2014 and Factors Affecting

Operating KPIs

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	18,421	16,763	10%
Stripping ratio, tn/tn[1]	4.49	6.21	(28%)
Ore milled, kt[2]	22,001	18,543	19%
Grade, g/t	1.74	1.89	(8%)
Recovery, %	81.7	81.0	0,7 pp
Gold production, Koz	984.5	924.4	7%
Gold sold, Koz	960.4	924.2	4%
Average realised gold price per ounce sold, US$/oz	1,266	1,376	(8%)
Revenue, US$ m	1,216.1	1,271.3	(4%)
TCC, US$/oz	673	848	(20%)
All-in Sustaining Costs (AISC), US$/oz	887	1,091	(19%)

[1] Presented only for open pit mines

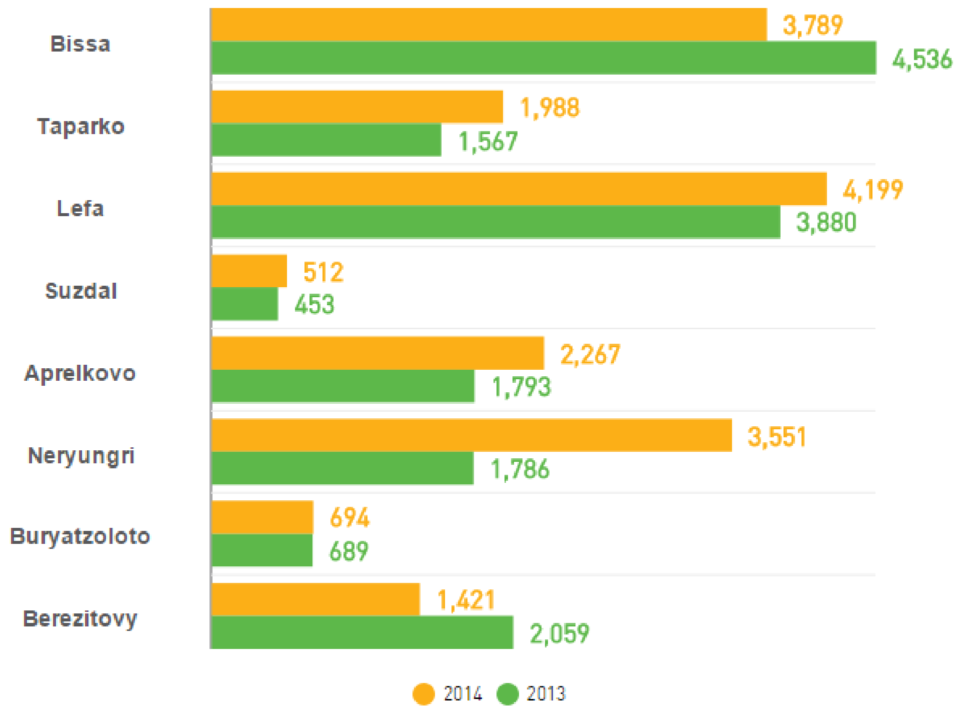
[2] Including ore milled at Berezitovy heap leach

In 2014 Nordgold achieved a new record level of gold production, which increased by 7% to 984.5 thousand gold equivalent ounces (“Koz”). The actual gold production exceeded the upper end of 2014 production guidance, raised in August 2014.

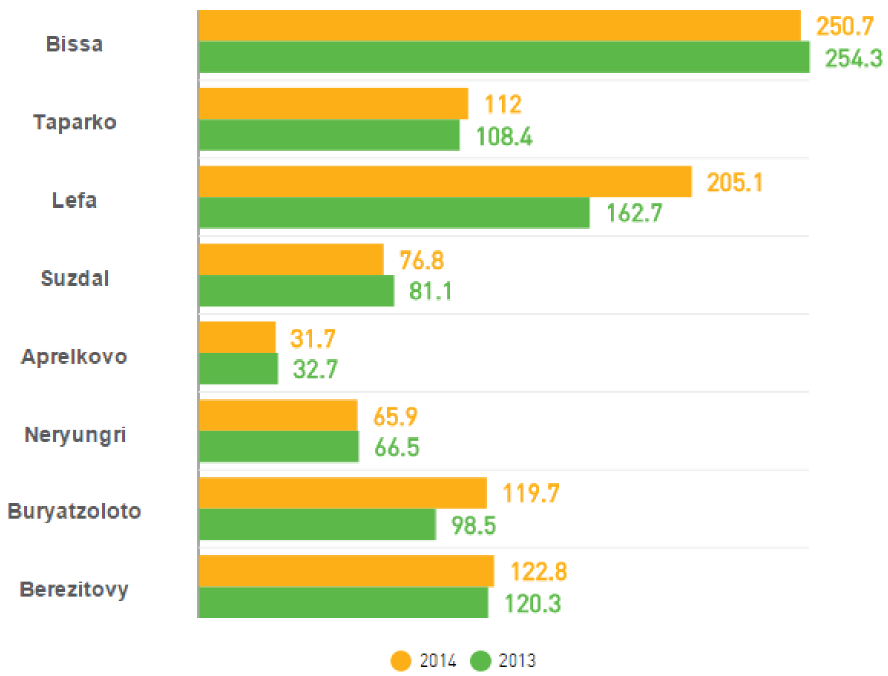
Gold production significantly increased in 2014, as a result of higher ore milled volumes and grade at Bissa, comprehensive turnaround programme at Lefa, continued investments in new level development and the development of new ore blocks at Buryatzoloto’s underground mines (Irokinda and Zun-Holba).

Nordgold’s consolidated AISC decreased by 19% YoY to US$887/oz in 2014 compared with US$1,091/oz in 2013. In 2014, eight out of Nordgold nine mines achieved AISC improvement and the most significant reductions were recorded at Lefa (down 30%), Taparko (down 26%), Buryatzoloto (down 30%), Berezitovy (down 20%) and Neryungri (down 28%).

Dynamics of ore mined for the period 2013-2014



Dynamics of gold production for the period 2013-2014



In 2015, Nordgold is expected to produce a level of 925-985 Koz.

2015 gold production will be largely determined by a number of key factors and developments:

- Planned decline in gold production from 250.7 Koz to 200 Koz at the Bissa mine due to lower head grade as anticipated in the mining plan.
- Lefa mine will continue to target increase of ore mined volumes and head grade, along with pursuing its operational improvements and cost optimisation programmes.
- Development of Taparko new satellite pits, including beginning of 2 & 3 stages cutbacks at high-grade Bouroum pit; mining fleet, powerhouse and process plant availabilities, as well as crusher circuit improvements.
- Implementation of further operational improvement initiatives at both the Buryatzoloto mines, including optimisation of ore extraction programmes and intensification of new veins development, as well as the increase in processing volumes and recovery resulting from the process plant improvements.
- Increased recovery at Berezitovy mine through the implementation of dedicated metallurgical programmes, including both capital expenditures and organisational efforts.
- Continued optimisation of mining and heap leach processing within the limits of the Gross pilot stage, as well as further operational improvements at the satellite Neryungri mine.

Assets Overview

West Africa

Lefa

Overview

Location	Country	Guinea
	Location	700km northeast of Conakry
	Infrastructure	All-season road with close access to an air strip, on-site power generation
Operational statistics	Mine type	Open pit
	Technology	Crushing, 2 SAG mills, 2 ball mills and CIL circuits
	Start-up year	2008
	Proven & probable reserves	2,600 Koz at 1.22 g/t
	M + I + I resources	5,528 at 1.15 g/t

The Lefa gold mine is located in the West African country Guinea, approximately 700 km northeast of the capital (and largest city) Conakry, and is connected to an all-season road that has close access to the air strip. The Lefa mine began commercial production in 2008 and was acquired by Nordgold in 2010.

Lefa mining operations consist of two main open pit complexes, and a number of smaller pits, alongside a processing plant (comprising a crushing circuit, two SAG mills, two ball mills and a CIP circuit) and waste facilities and a water management system.

Key operational statistics

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	4,199	3,880	8%
Stripping ratio, tn/tn[1]	3.32	5.17	(36%)
Ore milled, kt[2]	6,459	5,826	11%
Grade, g/t	1.13	1.06	7%
Recovery, %	86.8	83.5	3.3 pp
Gold production, Koz	205.1	162.7	26%
Gold sold, Koz	195.7	162.7	20%
Average realised gold price per ounce sold, US$/oz	1,262	1,387	(9%)
Revenue, US$m	247.0	225.7	9%
TCC, US$/oz	850	1,398	(39%)
All-in Sustaining Costs (AISC), US$/oz	1,133	1,622	(30%)

Lefa achieved significant improvements in its performance following the implementation of the planned turnaround programme. The mine increased gold output by 26% YoY to 205.1 Koz due to the improvement of all mining and processing parameters. Run of mine decreased by 24% YoY to 18,144 kt, while ore mined increased by 8% to 4,199 kt leading to a 36% decrease in the average stripping ratio to 3.32 t/t. Volumes of ore milled increased by 11% to 6,459 kt supported by stockpiled ore processed. The average head grade in 2014 reached 1.13 g/t compared with 1.06 g/t in 2013 and recovery increased by 3.3 pp YoY to 86.8%.

Key planned activities in 2015

- Planned volume of ore milled: 6,200 kt, including the Firifirini, Kankarta North and Karta pits as the main contributing ore sources.
- Expected average stripping ratio: 3.5 tn/tn with a number of stages planned for Firifirini and Lero-Karta pits.
- Maintaining plant throughput at 6,459 kt, with an expected average head grade at above 1.2 g/t.
- Expected recovery: around 87.0%.
- The completion of the reclaim feeder construction, which will further increase plant productivity and improve ore blend consistency.
- Recommencing regional exploration with the objective of making a new discovery as well as ongoing near mine exploration to replace reserve depletion.
- Construction of new tailings dam.
- Pursuing further operational improvements and cost optimisation programmes.

Bissa

Overview

Location	Country	Burkina Faso
	Location	85 km north of Ouagadougou
	Infrastructure	Easy access to the national highway
Operational statistics	Mine type	Open pit
	Technology	Crushing, milling, CIL circuits
	Start-up	January 2013
	Plant Capacity	3.5 Mtpa
	Proven+probable reserves	1,675 Koz at 1.52 g/t
	M+I+I resources	2,601 Koz at 1.389 g/t

The Bissa mine is located approximately 85 km north of Ouagadougou, the capital of Burkina Faso, and is accessible via Route Nationale 22, a sealed road. Ouagadougou airport has flight connections to major European cities.

Bissa Gold SA, which owns both the Bissa mine and the Bouly deposit, is 90% owned by Nordgold and 10% by the state.

The Bissa mine was officially commissioned in January 2013 and now comprises open-pit production at the Southwest, Zone 51 and Zone 52 Pits and Development of the Gougre Pit is planned for H2 2015.

A well-established base camp is located to the immediate east of the Bissa process plant and includes accommodation for approximately - 180 people. In addition, an administration office, laboratory and workshop/warehouse have been constructed at the mine area, together with a haul road system.

Key operational statistics

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	3,789	4,536	(16%)
Stripping ratio, tn/tn[1]	4.48	5.13	(13%)
Ore milled, kt[2]	3,756	3,387	11%
Grade, g/t	2.45	2.67	(8%)
Recovery, %	88.9	88.9	0.0 pp
Gold production, Koz	250.7	254.3	(1%)
Gold sold, Koz	250.8	254.3	(1%)
Average realised gold price per ounce sold, US$/oz	1,269	1,375	(8%)
Revenue, US$m	318.2	349.8	(9%)
TCC, US$/oz	448	468	(4%)
All-in Sustaining Costs (AISC), US$/oz	570	541	5%

Bissa delivered an outstanding performance, producing 250.7 Koz of refined gold, while gold doré output reached 265.5 Koz. The mine decreased stripping ratio by 13% YoY to 4.48 tn/tn, while increasing throughput by 11% YoY to 3,756 thousand tonnes ("kt"). In 2014, the grade was 2.45 g/t, down 8% YoY but 17% higher than anticipated in the business plan at the beginning of 2014 (2.14 g/t) due to positive reconciliation of Bissa geological models. Recovery was flat at 88.9%, in spite of the YoY throughput increase.

Key planned activities in 2015:

- Production of approximately 200 Koz in the full year 2015.
- Improvements in grade control practices, mining productivity, crushing circuit, oxygen plant, pebble crusher and reagent usage in processing as parts of the mine operational efficiency programmes.
- Investing in a tailing dam extension as well as new elution heater and electro-winning cell with rectifier.
- Investments in near mine exploration focusing on resources conversion and extensions of current pits targeting a reserve replacement.
- Exploration work programmes at five satellite pits (Wemstemga, Zinigma, Sakou, Yimiougou and Noungou).

Taparko

Overview

Location	Country	Burkina Faso
	Location	Approx. 200km northeast of Ouagadougou
	Infrastructure	Access from the national highway, on-site power generation
Operational statistics	Mine type	Open pit
	Technology	Crushing, ball milling and CIL circuits
	Start-up	2007
	Proven & probable reserves	578 Koz at 2.77 g/t
	M + I + I resources	666 Koz at 2.36 g/t

The Taparko mine is located in the Namantenga province of Burkina Faso, approximately 200 km northeast of Ouagadougou, the capital of Burkina Faso. The mine is situated in a sparsely populated area readily accessible by road from the capital. The Bouroum mine, a satellite of Taparko, is located approximately 49 km northwest of the main Taparko site where all mining and milling infrastructure is located. It is accessible from Taparko via a gravel road.

Production began at Taparko in 2007. The mine is operated by SOMITA SA, a company owned 90% by High River Gold; a 10% belongs (under the law) to the Burkina Faso Government.

The Taparko mine has been developed with three open pits: GT, 2N2K and 35, mining multiple cutbacks. The processing plant operates crushing, ball milling and CIL circuits. The Bouroum mine consists of three stages. Development of the Bouroum mine commenced in the final quarter of 2013.

Key operational statistics

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	1,988	1,567	27%
Stripping ratio, tn/tn[1]	6.41	9.40	(32%)
Ore milled, kt[2]	1,767	1,366	29%

Grade, g/t	2.34	2.99	(22%)
Recovery, %	85.9	80.5	5.4 pp
Gold production, Koz	112.0	108.4	3%
Gold sold, Koz	111.7	108.5	3%
Average realised gold price per ounce sold, US$/oz	1,267	1,400	(10%)
Revenue, US$m	141.5	151.9	(7%)
TCC, US$/oz	705	771	(9%)
All-in Sustaining Costs (AISC), US$/oz	919	1,238	(26%)

Taparko gold production in 2014 increased by 3% YoY to 112.0 Koz mainly due to higher throughput and recovery partially offset by lower grade. Run of mine decreased by 10% YoY to 14,736 kt, while ore mined increased by 27% to 1,988 kt leading to 32% decrease of stripping ratio to 6.41 tn/tn. Ore milled increased by 29% to 1,767 kt and recovery by 5.4 pp to 85.9%.

Key planned activities in 2015

- Increase volumes of ore milled.
- Expected average head grade of approximately 2.6 g/t, driven by high-grade ore mined from the 35 North and Bouroum cutbacks.
- Expected 2015 average stripping ratio approximately of 8.0 tn/tn.
- Decrease of recovery to 84% due to treating higher volumes of fresh rock and preg robbing ores from 35 and 2N2K pits.
- Completion of 35 South and 35 North cutbacks, according to the mining schedule, while commencing cutback waste mining at the 35 pit Central, 2N2K and 2 & 3 stages at the high-grade Bouroum pit.
- Completion of the Q4 2014 commenced tailings dam raise by an average 2.5 m.
- Continuation of operational efficiency programmes, including mined and feed grade optimisation, mining fleet productivity and availability optimisation as well as powerhouse availabilities and crusher circuit improvements through installation of additional crushing capacity.
- Replacement of the primary ball mill girth gear and motor to improve process plant availabilities.
- Investment in reserve replacement from near mine exploration focusing on resources conversion and extensions of current pits, which include future satellite pits (Yeou, Goengo, Bissinga and Zemce).

Russia

Buryatzoloto

Overview

Location	Country	Russia
	Location	Irokinda: 1,000km northeast of the Buryatia capital – Ulan-Ude, Zun-Holba: 315km by road from the Trans-Siberian Railroad
	Infrastructure	Easy access by road, access to power grids, water supply
Operational statistics	Mine type	Underground
	Technology	Crushing, ball milling and CIL circuits
	Start-up year	1991 (Zun-Holba) and 1996 (Irokinda)
	Proven & probable reserves (Zun-Holba)	151 Koz at 5.08 g/t
	M + I + I resources (Zun-Holba)	572 Koz at 10.83 g/t
	Proven & probable reserves (Irokinda)	313 Koz at 6.87 g/t
	M + I resources (Irokinda)	343 Koz at 11.71 g/t

The Buryatzoloto gold mining business located in the Republic of Buryatia in Russia is the oldest asset in Nordgold's portfolio. It comprises two underground mines – Irokinda and Zun- Holba – both of which were acquired by Nordgold in late 2008.

Irokinda is located approximately 75 km from the town of Taksimo, where the Baikal-Amur Railway station and airport are situated. Zun-Holba is approximately 315 km from the village of Kultuk (which is on the Trans-Siberian Railway), and 400 km from the city of Irkutsk. Both mines are accessible via all-season roads. Production began at the site of the Irokinda mine in 1985 and at Zun-Holba in 1986.

Both of the mines have processing plants, each with crushing, grinding, and gravity and flotation circuits. The Zun-Holba plant also contains a CIL circuit and related facilities.

Key operational statistics

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	694	689	1%
Ore milled, kt[2]	686	668	3%
Grade, g/t	5.58	4.72	18%
Recovery, %	92.9	92.2	0.7 pp
Gold production, Koz	119.7	98.5	22%
Gold sold, Koz	109.3	98.4	11%
Average realised gold price per ounce sold, US$/oz	1,281	1,382	(7%)
Revenue, US$m	140.0	136.0	3%
TCC, US$/oz	793	993	(20%)
All-in Sustaining Costs (AISC), US$/oz	992	1,425	(30%)

Buryatzoloto delivered strong production and cost performance in 2014. The mine increased gold output by 22% YoY to 119.7 Koz driven by higher head grade (up 18% YoY to 5.58 g/t), throughput (up 3% to 686 kt) and recovery (up 0.7 pp to 92.9%).

Key planned activities in 2015

- Further operational improvement initiatives at both the Buryatzoloto mines of Irokinda and Zun-Holba, targeting the same level of gold output at improved efficiencies.

Irokinda:

- optimisation of ore extraction from the most productive Vysokaya vein; intensification of mechanised development of Serebryakovskaya and Vein 3 supported by exploration programmes aiming to increase and improve the quality of underground reserves;
- implementation of initiatives aimed to improve the gravity and flotation circuit's performance, which will result in increased recovery.

Zun-Holba:

- optimisation of ore extraction from the Adits and Shaft levels with support of exploration programmes;
- continuation of active mechanised development of the Zun-Holba Decline with the aim of gaining access to the levels below the current Shaft levels for extensional drilling along strike and at depth to explore high-grade reserves;
- drilling and evaluating the ore bodies associated with the Decline focusing on zones Dalnaya, Kontaktovaya, Severnaya 3 and Deeps projects.

Berezitovy

Overview

Location	Country	Russia
	Location	100km from Skovorodino railway station
	Infrastructure	All-season mostly paved road, power grid connection
Operational statistics	Mine type	Open pit
	Technology	Crushing, SAG/ball milling and CIP circuits
	Start-up year	2007
	Proven & probable reserves	644 Koz at 1.62 g/t
	M + I + I resources	1,087 Koz at 1.89 g/t

Nordgold's Berezitovy mine is strategically located in the Amur region of Russia, and is accessible via an all-season road situated only 50 km from the Trans-Siberian Railway.

The Berezitovy mine began commercial production in 2007, and was acquired by Nordgold in late 2008.

The Berezitovy mine has a single well-established open pit. The Berezitovy processing plant contains crushing, SAG and ball milling and CIP circuits and a complete water and waste- management infrastructure. The mine recently expanded its processing operations to include the treat of low-grade ore by heap leaching.

Key operational statistics

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	1,421	2,059	(31%)
Stripping ratio, tn/tn[1]	9.05	5.93	53%
Ore milled, kt[2]	1.898	1.741	9%
Grade, g/t	2.26	2.20	3%

Recovery, %	90.2	89.5	0.7 pp
Gold production, Koz	122.8	120.3	2%
Gold sold, Koz	118.5	120.1	(1%)
Average realised gold price per ounce sold, US$/oz	1,263	1,372	(8%)
Revenue, US$ m	149.6	164.7	(9%)
TCC, US$/oz	572	783	(27%)
All-in Sustaining Costs (AISC), US$/oz	713	888	(20%)

Berezitovy had a record year producing 122.8 Koz compared with 120.3 Koz in 2013 driven by higher throughput (up 9% to 1,898 kt), head grade (up 3% to 2.26 g/t) and recovery (up 0.7 pp to 90.2%).

Key planned activities for 2015

- Leaching improvements, including hydrogen addition to increase dissolved oxygen levels and the launch of new air compressor and, as a result, increase of CIP recovery.
- Replacement of mill girth gear.
- Intensification of phase 3 open pit waste stripping to secure ore supply in 2016 and 2017, while completing ore mining in Phase 1; as a result, expected volumes of ore mined: approximately 1,000 kt, expected stripping ratio: approximately 15.5 tn/tn.
- Planned mill throughput: approximately 1,810 kt, including the processing of around 810 kt from historical stockpiles.
- Expected average grade in processing: approximately 2.20 g/t due to less high grade ore from lower mining rates in the Phase 1 open pit.
- Investing in exploration of the Kolbachi and Sergachinskaya areas commencing evaluation of the ore body extensions for underground mining.

Neryungri

Overview

Location	Country	Russia
	Location	125km north east of the BAM railway station of Ikabya
	Infrastructure	Access by an overland cross country route, or by helicopter
Operational statistics	Mine type	Open pit
	Technology	Crushing, cyanide heap leach
	Proven & probable reserves	312 Koz at 0.75 g/t
	M + I + I resources	1,364 Koz at 0.77 g/t

Neryungri is an open-pit gold mine in the Republic of Yakutia in Siberia. It is approximately 200 km from the town of Chara, and is accessible via an all-season road, which was completed in 2011. The Company acquired the mine in 2007.

Neryungri has a processing plant with crushing and heap-leaching extraction capabilities. Operations at Neryungri utilise the simplest heap-leaching extraction method available, owing to the highly oxidised lower-grade ore. Production at the pit is subject to significant seasonal variations due to harsh winter temperatures. The majority of crushing and stockpiling of ore occurs from May to September each year, and the majority of gold production occurs from July to December each year, as the cyanide spray used in heap leaching cannot penetrate the frozen ore.

Key operational statistics

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	3,551	1,786	99%
Stripping ratio, tn/tn[1]	3.57	9.12	(61%)
Ore milled, kt[2]	3,848	2,891	33%
Grade, g/t	0.73	0.88	(17%)
Recovery, %	75.0	75.0	0.00 pp
Gold production, Koz	65.9	66.5	(1%)

Gold sold, Koz	65.9	66.4	(1%)
Average realised gold price per ounce sold, US$/oz	1,255	1,348	(7%)
Revenue, US$m	82.7	89.6	(8%)
TCC, US$/oz	721	1,017	(29%)
All-in Sustaining Costs (AISC), US$/oz	855	1,186	(28%)

Neryungri produced 65.9 Koz of refined gold in 2014 compared with 66.5 Koz 2013. Gold doré production in 2014 increased to 73.9 Koz compared with 64.9 Koz in 2013.

The increase was driven by higher ore mined and processed volumes due to development of Gross' pilot stage operation.

The mine decreased stripping ratio in 2014 by 61% YoY to 3.57 tn/tn.

In 2014, the Gross pit run of mine material constituted 6,056 kt, with 3,760 kt of waste and 2,296 kt of ore mined.

Neryungri ore milled composed 3,848 kt at 0.73 g/t including 1,839 kt ore at 0.68 g/t from Gross and 2,009 kt at 0.77 g/t from Tabornoe.

Key planned activities for 2015

- Expected further decrease of stripping ratio to approximately 3.0 tn/tn as Gross' pilot stage operation will continue.
- Expected volume of ore mined: approximately 1,670 kt.
- Crushing and stacking of 1,830 kt of ore to produce approximately 35 Koz of gold.
- Exploration drilling in the Tabornoe pit western and eastern sectors.
- Investing in a new heap leach pad construction.

Aprelkovo

Overview

Location	Country	Russia
	Location	120km east of the regional centre of Chita
	Infrastructure	10km from railway, access to power grids and water supply
Operational statistics	Mine type	Open pit
	Technology	Crushing, cyanide heap leach
	Proven & probable reserves	169 Koz at 1.09 g/t
	M + I + I resources	296 Koz at 1.14 g/t

Aprelkovo is an open-pit gold mine in Russia's Transbaikal region. The mine, which was acquired in 2007, is situated approximately 120 km east of the regional centre of Chita and can be easily accessed via a paved road. The deposit is located approximately 3 km to the south of the navigable River Shilka and the Trans-Siberian Railway, with the nearest stations being Shilka (regional centre), Kholbon, and Priiskvaya, at distances of 20 km, 7 km and 45 km, respectively, from the deposit.

The mine contains processing infrastructure with crushing and heap-leaching extraction capabilities.

Key operational statistics

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	2,267	1,793	26%
Stripping ratio, tn/tn[1]	3.56	5.79	(39%)
Ore milled, kt[2]	1,851	1,644	13%
Grade, g/t	1.23	1.27	(3%)
Recovery, %	47.7	46.7	1.00 pp
Gold production, Koz	31.7	32.7	(3%)
Gold sold, Koz	31.8	32.7	(3%)
Average realised gold price per ounce sold, US$/oz	1,287	1,333	(3%)
Revenue, US$m	41.0	43.5	(6%)

TCC, US$/oz	994	1,020	(3%)
All-in Sustaining Costs (AISC), US$/oz	1,094	1,140	(4%)

Aprelkovo gold production decreased by 3% over 2013 to 31.7 Koz, mainly due to lower grade partially offset by higher ore mined and processed volumes.

Key planned activities for 2015

- Expected volume of ore mined is 1,295 kt with completion of the main Aprelkovo pit in Q4 2015, with the average stripping ratio planned at 1.8 tn/tn.
- Expected crushing and stacking are 1,544 kt at 1.50 g/t, including the processing of historical stockpiled lower grade ore.
- Completion of the evaluation of South West extensions to the main Aprelkovo pit, Zone 10 and Nerchinsk area for potential future mining, which involves Resource model updates (including 4,085 m of additional diamond drilling, 1,273 m of trenching and grade control data collected in 2013 and 2014).

Suzdal

Overview

Location	Country	Kazakhstan
	Location	55km southwest of Semipalatinsk in northern Kazakhstan
	Infrastructure	Easy road access, power grid connection
Operational statistics	Mine type	Underground
	Technology	Crushing, ball milling, flotation, BIOX and CIL circuits
	Start-up year	2006
	Proven & probable reserves	700 Koz at 7.46g/t
	M + I + I resources	1,110 Koz at 5.22 g/t

The Suzdal gold mine is an underground mine located in eastern Kazakhstan. The mine has good infrastructure, including an all-season road and access to the railway station and airport in the city of Semipalatinsk (55 km to the north east).

The mine comprises a number of worked-out open pits (one of which contains the portal for the decline), waste dumps, a plant, offices, maintenance buildings, accommodation facilities and a canteen.

The mine facility contains a processing plant with crushing, grinding, flotation, BIOX, CCD and CIL circuits. Operations at Suzdal are among the most technologically advanced within Nordgold – the plant possesses the necessary technology to process refractory sulphide ore, and the BIOX processing circuit at the mine was the first in Eurasia.

Key operational statistics

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	512	453	13%
Ore milled, kt[2]	546	512	7%
Grade, g/t	6.73	7.25	(7%)
Recovery, %	64.0	69.1	(5.1 pp)

Gold production, Koz	76.8	81.1	(5%)
Gold sold, Koz	76.7	81.1	(5%)
Average realised gold price per ounce sold, US$/oz	1,252	1,357	(8%)
Revenue, US$m	96.1	110.1	(13%)
TCC, US$/oz	702	733	(4%)
All-in Sustaining Costs (AISC), US$/oz	868	884	(2%)

Suzdal gold production in 2014 was 76.8 Koz compared with 81.1 Koz in 2013 as a result of lower grade and recovery partially offset by higher throughput.

In 2014, Suzdal completed the installation of a new flotation module to improve flotation availability and recovery.

The mine also finalised a feasibility study for BIOMIN Hot-Leaching process aimed at recovering of gold from CIL tails, which yielded a positive outcome.

Suzdal 2014 exploration resulted in additional reserves proved at the Deep levels of the south-western and the north-eastern flanks of Ore Bodies No1-3. The reserves of 956 kt at an average grade of 6.35 g/t have been proved at the Ore Body No4.

Key planned activities for 2015

- Improvement of plant operational stability to increase overall gold recovery through improvement of BIOX and CIL circuits (upgrading of mass measurement and sampling equipment, upgrading of BIOX heat exchanger and cooling towers, testing of alternative flocculants in conjunction with a maintenance programme, an improvement programme aimed at increasing the current CIL/Elution/Carbon regeneration efficiency).
- Maintaining the volumes of ore mining and processing.
- Commencing ore production from Ore Body No4.
- Expected head grade: 6.54 g/t, which will be offset by higher targeted recovery of up to 70%.
- Expected additional ounces from the launch of BIOMIN Hot-Leaching process.

Financial Performance

Financial Performance (MD&A)

Financial review

The following discussion of the Company's results of operations and financial condition contains forward-looking statements. The Company's actual results could differ materially from those that are discussed in these forward-looking statements. Factors that could cause or contribute to such differences include those presented below and elsewhere in the Annual Report.

Selected financial and operational information

The selected consolidated financial information below sets forth the Nord Gold N.V. historically consolidated financial statements as at and for the years ended 31 December 2014 and 2013. This financial information has been extracted from the Nord Gold N.V. audited annual consolidated financial statements, where it is shown with important notes describing some of the line items.

Non-IFRS Financial Measures

This Annual Report includes certain measures that are not defined by IFRS. These measures are EBITDA and EBITDA margin, total cash costs, all-in sustaining cost and net debt, and they are used by the management of Nordgold to assess the company's financial performance. However, these measures should not be used instead of, or considered as alternatives to, Nordgold's historical financial results based on IFRS. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company.

EBITDA and EBITDA Margin

EBITDA results from operating activities adjusted for income tax expense, finance income and costs, depreciation and amortisation charges, impairment / (reversal of impairment) of non-current assets, the net result from the disposal of property, plant and equipment, social expenses and charity donations, and net gain on disposal of subsidiaries. Nordgold uses EBITDA in the reporting of its segments and in assessing its growth and operational efficiencies. The EBITDA margin is EBITDA as a percentage of sales.

Information regarding EBITDA and the EBITDA margin or similar measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements.

EBITDA, by itself, does not provide a sufficient basis to compare Nordgold's performance with that of other companies and should not be considered in isolation either as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

Total Cash Cost

Total cash costs measure which Nordgold considers to be the cash costs are most relevant to its principal operations. Total cash cost is calculated by subtracting non-cash, central corporate and ancillary or exceptional operational costs (including depreciation and amortisation, provision for asset retirement obligations, allowance for slow-moving and obsolete inventories, corporate overheads, allowance for bad debts, unused employee vacation time and employee bonuses, change in finished goods and revenue of by-products) from cost of sales, general and administrative expenses and taxes other than income tax.

All-In Sustaining Costs

All-in-sustaining cost ("AISC") stands for the costs related to sustaining production and is calculated as the amount of production cash cost, plus cash selling general and administrative expenses, plus taxes other than income tax and other cash operating result with addition of capital expenditure spent to sustain the production level. The latter includes maintenance capex at all the mines, exploration capex at operating mines and capitalised stripping together with underground development performed at operating mines.

Net Debt / Adjusted Net Cash or Debt

In order to assess Nordgold's liquidity position, Nordgold's management uses a measure of net cash or debt, which is the sum of cash and cash equivalents and short- and long-term debt finance, which are divided between debt and lease liabilities. Short-term and long-term debt include loans and other credit facilities, accrued interest and bank overdrafts. Adjusted net cash or debt reflects net cash or debt less short-term and long-term loans issued to related parties.

Non-IFRS measures, gold production and capex information for 2014 and 2013 (non-audited)

	Year ended 31 December	
	2014	**2013**
Gold Production (Koz)(1)	984.5	924.4
EBITDA (US$000) (2), (5)	487.0	394.0
EBITDA margin (%)(2), (5)	40.1	31.0
Total cash costs per ounce produced (US$/oz) (3), (5)	673	848
All-in sustaining cost per ounce produced (US$/oz)	887	1,091
Net debt (US$000) (4)	627.3	723.9
Capital expenditure (US$000)	157.8	237.7

(1) Including 6.431 thousand gold equivalent ounces of silver production for FY 2014

(2)Normalised EBITDA and EBITDA margin. For the reconciliation of consolidated profit for the period to EBITDA for the Group and for the Group's operating segments, see "—Reconciliation of consolidated profit to EBITDA" below

(3) Reconciliation of the Group's total cash costs per ounce of gold produced for the years ended 31 December 2014 and 2013 appears below under "Total cash costs".

(4) Reconciliation of the Group's net debt appears below in "Operating and Financial Review—Liquidity and Capital Resources— Cash resources".

(5) 2 The figures for 2013 were restated due to a change in accounting policy. For more information, please see Note 3 in Consolidated financial statements for the year ended 31 December 2014

Accounting and Reclassification changes

Reclassifications

In prior periods mining tax was presented within taxes other than income tax, which formed part of profit/(loss) from operations but was below gross profit. In 2014 the Group concluded that the presentation of mining tax as a part of cost of sales and therefore impacting on gross profit, would result in the presentation of financial information that was more reliable and relevant. Comparative information for the year ended 31 December 2013 has been reclassified to achieve consistency in presentation.

Change in accounting policy for stripping costs

As of 1 January 2014, the Group voluntary changed its accounting policy with respect to the accounting for production stripping costs such that the Company now utilises the apply actual stripping ratio rather than the average stripping ratio when allocating the current production stripping costs to the cost of ore mined. Under the new method, all current production stripping costs incurred in the period are charged directly to the cost of ore; accordingly, no deferred stripping cost is recognised within work-in-progress. Management believes that the new policy provides more accurate and relevant information for the users of financial statements. Comparative information for the year ended 31 December 2013 has been retrospectively restated to ensure comparability between periods.

The noted above, the aforementioned changes in accounting policy and classification have been applied retrospectively. The impact on the consolidated financial statements for the year ended 31 December 2014 and 2013 is shown in the table below:

	As previously reported	Adjustments	Reclassification	As related
Statement of profit or loss for the year ended 31 December 2013				
Cost of sales	(939,953)	(36,953)	(75,237)	(1,052,143)
Gross profit	**331,300**	**(36,953)**	**(75,237)**	**219,110**
Taxes other than income tax	(75,237)	-	75,237	-
(Loss)/profit from operations	**(181,284)**	**(36,953)**	**-**	**(218,237)**
Income tax benefit	62,461	7,888	-	70,349
Loss for the year	**(169,962)**	**(29,065)**	**-**	**(199,027)**
Attributable to:				
Shareholders of the Company	(189,285)	(28,802)	-	(218,087)
Non-controlling interest	19,323	(263)	-	19,060
Basic and diluted loss per share (USS)	(0.50)	(0.08)	-	(0.58)
Statement of profit or loss and other comprehensive income for the year ended 31 December 2013				
Loss for the year	(169,962)	(29,065)	-	(199,027)
Total comprehensive loss for the year	(302 691)	(29,065)	-	(331,756)
Attributable to:				
Shareholders of the Company	(319,406)	(28,802)	-	(348,208)
Non-controlling interest	16,715	(263)	-	16,452
Statement of financial position as at 31 December 2013				
Inventories	489,369	(53,592)	-	435,777
Other non-current assets	32,968	(1,466)	-	31,502
Deferred tax liabilities	71,191	(11,508)	-	59,683
Accumulated losses	(869,489)	(42,950)	-	(912,439)
Non-controlling interests	79,074	(600)	-	78,474
Statement of cash flows for the year ended 31 December 2013				
Loss for the year	(169,962)	(29,065)	-	(199,027)
Income tax benefit	(62,461)	(7,888)	-	(70,349)
Change in inventory	(33,126)	29,547	-	(3,579)
Depreciation and amortisation	219,497	7,405	-	226,902

Reconciliation of consolidated profit to EBITDA

The reconciliation from the Group's profit/(loss) for the period to EBITDA[1].

	Year ended 31 December	
	2014	**2013**
Profit/(loss) before income tax	182,911	(269,376)
Finance income	(8,139)	(18,275)
Finance costs	109,118	69,414
Depreciation and amortisation	201,780	226,902
Impairment of tangible and intangible assets	24,136	363,521
Net loss on disposal of property, plant and equipment	794	2,166
Work-in-progress impairment/ (utilisation of impairment) recognised in cost of sales	(19,742)	22,813
Other income, net	(3,814)	(3,214)
Normalised EBITDA for the year	**487,044**	**393,951**

(1) Figures for 2013 were recalculated after reclassifications made in 2014. For details see "Reclassifications".

Total cash costs

	Year ended 31 December		Per cent. change
	2014	**2013**	**2014-2013**
Cost of sales	**845,692**	**1,052,143**	(19.6%)
(Less)/plus items in income statement:			
Depreciation and amortisation	(197,899)	(219,178)	(9.7%)
Provision for asset retirement of obligations	(1,086)	(4,129)	(73.7%)
Allowance for slow-moving and obsolete inventories	(5,005)	(6,835)	(26.8%)
Work-in-progress and finished goods fair value adjustment	17,096	(22,813)	(174.9%)
Unused vacation	(11,949)	(22,607)	(47.1%)
Employees' bonuses	(8,734)	(7,353)	18.8%
Exceptional items	(6,353)	(11,618)	(45.3%)
Change in finished goods (less items above capitalised in finished goods)	13,382	1,246	974.0%
Revenue of by-products	(7,941)	(7,036)	12.2%
Cost of production	**637,203**	**751,820**	**(15.2%)**
General and administrative expenses	59,886	66,941	(10.5%)
(less)/plus items in income statement:			
Depreciation and amortisation	(3.851)	(804)	374.5%
Corporate overheads	(32,868)	(34,484)	(4.7%)
Allowance for bad debts	-	(71)	(100.0%)
Unused vacation	(447)	(1,866)	(76.0%)
Employees' bonuses	(1,619)	(1,278)	26.7%
Exceptional items	-	(85)	(100.0%)
Mining administrative expenses	**21,137**	**28,353**	**(25.5%)**
Corporate overheads	(547)	(711)	(23.1%)
Total cash costs	**657,792**	**779,462**	**(15.6%)**
Total gold produced, Oz (without gold equivalent of silver)	978,063	918,974	6.4%
Total cash cost produced, US$/oz	**673**	**848**	**(20.6%)**

Operational Information

Mine	Mine type	Technology	Gold production, Koz		Total Cash Costs, US$/oz(1)(2)	
			2014	2013	2014	2013
Bissa	Open pit	CIL	250.7	254.3	448	468
Taparko	Open pit	CIL	112.0	108.4	705	771
Lefa	Open pit	CIP	205.1	162.7	850	1,398
Buryatzoloto	Underground	Gravity, flotation. CIP	119.7	98.5	793	993
Berezitovy	Open pit	CIP	122.8	120.3	572	783
Neryungri	Open pit	Heap leach	65.9	66.5	721	1,017
Aprelkovo	Open pit	Heap leach	31.7	32.7	994	1,020
Suzdal	Underground	Flotation, BIOX, CIL	76.8	81.1	702	733
Nordgold			**984.5**	**924.4**	**673**	**848**

(1) Unaudited

(2) The figures for Q4 2013 and FY 2013 were restated due to a change in accounting policy. For more information, please see Note 3 in Consolidated financial statements for the year ended 31 December 2014

Overview

Nordgold is an established pure-play gold producer focused on emerging markets with nine producing mines, one large-scale development project, five advanced exploration projects and a broad portfolio of early exploration projects and licenses located across West Africa in Guinea and Burkina Faso, Kazakhstan and the Russian Federation.

Since undertaking its operations in 2007, Nordgold has grown by both acquisitions and organically, increasing its production (including gold equivalent ounces of silver) from approximately 21 Koz in 2007 to 984.5 Koz in 2014.

In 2014, revenue decreased by 4% YoY to US$1,216.1 million. Despite increased gold production in 2014, the revenue reduction was driven by lower gold price and the fact that 24.5 Koz of refined gold remained unsold and approximately 28.5 Koz of gold doré was not refined at the end of 2014. Gold doré production for the full year 2014 has amounted to 1,017.4 Koz.

EBITDA in 2014 increased by 24% YoY to US$487.0 million mainly driven by improved operational efficiencies and strict cost control, which offset lower gold prices. EBITDA margin in 2014 was 40.1% compared with 31.0% in 2013.

Nordgold’s consolidated TCC decreased by 20% YoY to US$673/oz, out of which 12% was driven by higher production and improved operational and consumption efficiency, including higher throughput at all mines, higher head grade at Lefa, Buryatzoloto and Berezitovy and better recovery at Lefa, Taparko, Buryatzoloto and Berezitovy, as well as significantly lower stripping ratio at Lefa, Taparko, Neryungri and Aprelkovo and lower general and administrative expenses (“G&A”). The rest 8% of TCC reduction related to the benefit from the depreciation of the Russian rouble and Kazakhstan tenge against the US dollar during the period.

Nordgold’s consolidated AISC decreased by 19% YoY to US$887/oz in 2014 compared with US$1,091/oz in 2013 due to higher production (up 7%), lower TCC (down 20%) and sustaining capex (down 3%).

In 2014, eight out of Nordgold’s nine mines achieved AISC improvement and the most significant reductions were recorded at Lefa (down 30%), Taparko (down 26%), Buryatzoloto (down 30%), Berezitovy (down 20%) and Neryungri (down 28%). Only Bissa mine AISC increased by 5% YoY mainly due to higher sustaining capex (up 39% YoY) but remained on a very competitive level of US$570/oz.

Basis of presentation of financial information

The Company was incorporated in 2005 but remained dormant until 1 July 2010 when the management of the Severstal Group decided to transfer all its gold mining entities to the Company (as set out in more detail below, see "—Segment Reporting" and "Formation of the Group"). These entities had been acquired by the Severstal Group in 2007 and 2008 from third parties. For the purposes of the consolidated financial statements of the Company, the transfers of the entities conducting gold mining to the Company from the Severstal Group in 2010 have been treated as acquisitions of entities under common control and are accounted for as if such acquisitions had occurred at the beginning of the earliest comparative period presented or, if later, the date control was obtained by the Severstal Group. The consolidated financial statements of the Company included in this Annual Report have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRSs EU") and with Part 9 of Book 2 of the Netherlands Civil Code and properly reflect the financial history of the Group. This includes all acquired entities that are consolidated in the financial statements.

Segment reporting

The Group has nine reporting operating segments, described below from the year in which they were acquired. These segments are the Group's strategic business units.

Factors affecting results of operations

Gold prices

The Group generates substantially all of its revenue from sales of gold bullion in the spot market. As a result, the Group's revenue correlates directly to the price of gold. The market price for gold is typically the price quoted as the London PM price.

Historically, the price of gold has fluctuated widely, and it is affected by numerous factors, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by producers, governments and others and actions of participants in the gold market. The gold price ranged from US$1,142 to US$1,385 in 2014 and from US$1,193 to US$1,693 in 2013, with an average market price of US$1,266 per ounce in 2014 and US$1,410 in 2013. Price variations and market cycles have influenced the financial results of the Group during the period under review, and the Company expects that they will continue to do so in the future.

Nordgold does not have any gold hedging in place, and we therefore expect our realised gold price to remain close to the market price in 2015. The low gold price environment after a sharp correction in 2013 remains one of the biggest challenges for the Company. However, Nordgold's focus on growing production, as well as its stringent cost cutting measures, ensures that the Company remains well positioned to deliver sustaining returns to our shareholders and further profitable growth.

Average price of gold obtained by the Group against average London PM price

		Average for the period (US$)
2014	Realised price on an annual basis	1,266
	Average market price	1,266
2013	Realised price on an annual basis	1,376
	Average market price	1,411
2012	Realised price on an annual basis	1,670
	Average market price	1,669
2011	Realised price on an annual basis	1,567

	Average market price	1,572
2010	Realised price on an annual basis	1,251
	Average market price	1,225
2009	Realised price on an annual basis	992
	Average market price	972
2008	Realised price on an annual basis	890
	Average market price	872

The Group's method of selling gold is based on consultation between the chief executive officer and the chief financial officer on their review of trends and available information. The Group does not use commodity hedging contracts to mitigate its exposure to commodity price risk and currently has no plans to do so in the foreseeable future. None of the Group's future production is currently hedged. The Group regularly monitors its annual business plan, which takes into consideration a number of factors, including the price of gold and the Group's cash costs, and if needed would modify its plan according to the market conditions.

Key cost items

The Group's key cost drivers are personnel costs, materials, fuel and energy costs. Of the Group's key costs, materials, fuel and energy costs are more variable than personnel costs, and vary primarily as a function of the level of production. These costs in aggregate accounted for 55.4 per cent. of the Group's cost of sales in 2014 and 59 per cent in 2013. Primary factors which affect each cost include the rate of inflation and the level of production across the Group. Factors affecting each principal cost are discussed below.

Personnel costs

Personnel costs are the single largest portion of the Group's cost of sales. They are affected by competition for labour with other mining companies in the regions where the Group operates, given the relative scarcity of qualified personnel, and by the remote location of its mines. The Group seeks to control personnel costs by increasing equipment utilisation, eliminating duplication of processes and implementing employee training and efficiency initiatives. The costs of contractor work related to mining are accounted for in the external services line item under cost of sales and include preparation of mining works, transportation, maintenance of equipment, security and general maintenance. To the extent the Group stops using third party service providers for any of these services and instead uses its own employees, there would be a decrease in the cost of external services and potentially a corresponding increase in personnel costs. Personnel costs are relatively fixed in that, in the short term, they do not vary as greatly depending on the level of production at the mines as the other costs discussed below.

Materials

The cost of materials depends on the amount purchased, which depends on the level of production, as well as macroeconomic factors such as inflation, and the relationship with suppliers. The primary materials on which the Group relies include cyanide and other chemicals for its gold recovery operations, grinding balls and rods and blasting agents. The price of key supplies, such as cyanide, is typically fixed for a year and renegotiated on an annual basis. Positive relationships with suppliers can lead to a decrease in the price of supplies over time, as has been the case with the price of sulphuric acid, another material used in the gold recovery process.

Fuel and energy costs

The Group consumes diesel fuel and heavy fuel oil at certain mines for power generation and operations. Diesel fuel and heavy fuel oil are refined from crude oil and are therefore subject to the same price volatility affecting crude oil prices. Volatility in crude oil prices has a significant direct and indirect impact on the Group's production costs by affecting not only the cost of fuel the Group consumes but also transportation costs and the cost of other supplies that must be transported to the mine sites. This impact is less significant on the Group's operations in Russia and Kazakhstan, as the price of diesel fuel and heavy fuel oil in those jurisdictions is not directly correlated to the world oil price and have remained relatively stable in the periods under review. There is a greater correlation between the price of oil and the price of diesel fuel and heavy fuel oil in the Group's African operations.

The Group's electricity costs per unit of electricity depend primarily on the production levels across the mines. At the Group's Russian mines other than Neryungri, which relies on fuel oil, electricity is provided from the national electric grid at tariffs of approximately US$.06 — US$.07. In Kazakhstan, electricity is provided from the national electric grid at a tariff of approximately US$.05. The electricity is provided under regular annual contracts, and there are minor fluctuations in the tariffs within the contract period. Although it may choose to do so in the future, the Group does not currently undertake any hedging activities in relation to fuel or electricity price risk.

Exchange rates

The Group's results for the periods under review are affected by exchange rate fluctuations among the US dollar, which is the presentation currency for the Group's consolidated financial statements; the rouble, the tenge and the CFA franc, which are the functional currencies of the Group's operating companies in the Russian Federation, Kazakhstan, Guinea and Burkina Faso, respectively; and the euro, which was the Company's functional currency before April 1, 2012. With effect from April 1, 2012 the Company changed its functional currency from Euro to US dollars. While gold is typically priced by reference to US dollars, and most of the Group's costs in the periods under review were paid in the Russian rouble, the tenge, CFA francs and Guinean franc and US dollars.

Currency translation affects the financial results of the Group in two principal ways. First, it affects operating subsidiaries, where any transactions in foreign currencies are translated into the functional currency of the relevant operating entity at the foreign exchange rate on the date of the transaction; and second, at the level of the consolidated Group financial statements, where all functional currencies are first translated into the presentation currency of US dollars and are then consolidated. Assets and liabilities are translated into US dollars at the closing exchange rates at the date of each financial statement presented. All income and expenses are translated into US dollars at the average exchange rate for each period presented, and all resulting exchange differences are recognised as a separate component, the line item foreign exchange differences, in other comprehensive income in the consolidated statement of comprehensive income.

The depreciation of the Russian rouble and Kazakhstan tenge against the US dollar during the period contributed to the overall reduction of total cash costs. See note 25 to the consolidated financial statements for the year ended 31 December 2014 for details of foreign currency exposure in respect of the periods covered by the historical financial information.

The Group generally converts its USD-denominated revenues into other currencies only when it needs to do so in order to make purchases or satisfy obligations denominated in the relevant functional currency. The Group is currently able to convert revenue from functional currencies to US dollars at any moment without significant fees.

Seasonality

Due to the cold winter weather, which limits the ability to mine, production volumes generated from the Neryungri and Aprelkovo mines are usually higher during the second half of the year, because during that period the heap leach operations conducted at the sites generally yield the greatest volume of precious metals. For these mines, the amount of inventory and, correspondingly, revenues are subject to seasonality. Ore is placed on heap leach pads mostly in the second and third quarters with revenue being generated primarily in the third and fourth quarters of each year. As a result, work-in-progress inventory generally increases up to the end of the third quarter of each year and subsequently declines up to the end of the first quarter of the following year, which results in lower revenues in the first half of the year. Moreover, changes in inventory levels impact cash flows from operating activities, usually resulting in significant cash outflows (due to greater expenses associated with the heap leaching process) during the second and third quarters of each year and significant inflows during the first and fourth quarters. The effects of seasonality are not significant at the other mines of the Group.

Consolidated income statement

The following discussion describes the principal line items in the Group's consolidated income statement.

Sales

The Group derives its revenue from sales of gold bullion in the spot market. Revenue is determined by the Group's production (which is influenced by both the quantity and grade of ore mined), the price of gold and timing of sales and is a result of the volume of gold sold and the price at which it is sold, as well as less commission fees, which varied in 2014 and were approximately 0.035 – 0.05 per cent for Russian entities and nil for sales from Burkina Faso, Guinea and 0.00 - 0.20 US dollar per ounce for Kazakhstan. In 2014, substantially all of the Group's revenue came from the sale of gold, with approximately 0.7 per cent coming from the sale of silver:

	Year ended 31 December	
By product	**2014**	**2013**
Gold	1,208,133	1,264,217
Silver	7,941	7,036
Total	**1,216,074**	**1,271,253**

Revenue is net of commission fees paid to each of Metalor, Standard Bank, MKS Finance, VTB, Sberbank and Nomos Bank, who hold the Group's gold bullion as its agents until sold, and is recognised upon transfer as the Group's account is credited substantially contemporaneously. Historically, the Group has sold its Russian products to Nomos Bank, its Kazakh products to Metalor, its Burkina Faso gold to Standard Bank in Switzerland and its Guinean gold to MKS Finance, each in the capacity as agent for immediate sale and transfer to end customers who purchase at the same price as the Group sold the gold. Since 2012 the Group started to sell gold from Russian entities also to Sberbank and VTB. The Group does not rely on sales to banks, as they essentially act as agents for what is a liquid market.

Cost of sales

Cost of sales consists of direct mining costs (which include personnel costs, materials, energy costs (principally diesel fuel, heavy fuel oil and electricity), spare parts, external services (which includes third party refining and transport fees, which include costs for transporting gold doré from the mining facilities to refineries and the costs paid to refiners for converting the gold doré into gold bullion), change in inventories, and third party refining and transport fees), depreciation and amortisation, taxes other than income taxes. Change in inventories reflects changes in work in progress and finished goods. This item reflects costs related to inventory that is produced in one financial period but sold in another, as well as the movement in the average cost of gold on hand.

Personnel costs comprise the salaries and social taxes paid in respect of production staff at the Group's mines. The level of social tax is dependent on personnel salaries and varies from jurisdiction to jurisdiction and is generally payable on a monthly basis.

The cost of materials relate principally to the costs of explosives and cyanide for use at the mines and related processing facilities as well as costs for other supplies such as sulphuric acid, grinding balls and rods and blasting agents.

Fuel and energy costs include the cost of diesel fuel, heavy fuel oil and electricity.

The cost of spare parts relates to spare parts for mining and processing machinery.

External services costs are the ones, that are paid to third parties for various operational services at the mines, including machinery repair services, communications services, drilling, transportation and blasting.

Other operating costs consist of miscellaneous costs related to the operation of the mines which are not captured in the categories above.

Change in obsolete provisions relates to the provision for slow-moving and obsolete inventories, which comprise the raw materials and inventories other than finished goods.

Taxes other than income tax include mining taxes, property taxes and others. The Group is required to pay mining taxes in each of the jurisdictions where it operates.

In Russia, the mining tax is calculated on a monthly basis as the volume of gold produced per month multiplied by the average for the month gold sales price and multiplied by 6% tax rate. In Kazakhstan, the mining tax is calculated on a quarterly basis as the volume of gold written-off the state balance of gold per quarter multiplied by the market price of gold for the quarter and multiplied by 5% tax rate. In Burkina Faso the mining tax is calculated as total gold sales multiplied by tax rate which depends on the mine. Taparko enjoys 3% favourable tax rate. Tax rate applicable for Bissa varies depending on the gold price: 3% if the gold price is not higher than US$1,000 per ounce, 4% if the gold price is higher than US$1,000 per ounce and 5% if the gold price is higher than US$1,300 per ounce. In Guinea, the mining tax is calculated as the total gold sales multiplied by 5% tax rate.

General and administrative expenses

General and administrative expenses consist of costs related to head office operations of the Group and the head offices of the Group's business units and include head office labour costs, services (primarily auditing and consultant fees), other materials, and depreciation.

Income tax

Nordgold reported an income tax expense of US$59.9 million in 2014 compared with US$70.3 million of income tax benefit 2013.

Impairment loss of non-current assets

The Group assesses the carrying value of its tangible and intangible assets when events or changes in circumstances suggest that indicators of impairment exist. Consideration was given to a range of indicators including the decline in the gold price that occurred during the reporting year and the carrying value of the net assets of the Group which exceeded its market capitalisation. The review resulted in the recognition of impairment losses US$ 24,1 million in 2014 and US$363,5 million 2013.

Other operating expenses, net

Other operating expenses, net include write-off of accounts receivable and payable, VAT write-off, loss on disposal of property, plant and equipment, social expenses, net loss from joint ventures, increase/decrease of provisions and contingencies, net gain from contractual compensation and other items.

Finance income and costs

Net finance costs in 2014 increased by US$49.9 million to US$101.0 million compared with US$51.1 million in 2013 mainly due to foreign exchange loss US$ 33,8 million recognised in 2014 (foreign exchange gain in 2013 is US$ 15,7 million).

Income tax (expense)/benefit

The income tax expense/(benefit) is calculated by adding to or subtracting from the current tax charge any corrections to prior years' charges and deferred tax expenses or benefits.

Profit for the year attributable to non-controlling interest

Profit for the year attributable to non-controlling interest relates to the minority shareholders of Buryatzoloto, Bissa and Taparko .

Other key performance indicators (KPIs)

Management analyses certain operational or non-IFRS financial metrics in order to evaluate the performance of its business together with revenue, capital expenditure and cash flow from operations. The following discussion describes certain line items used by the Group to monitor performance, which are included in the Group's discussion of key performance indicators:

- Volume of ore mined — measures in tonnes the amount of ore material which is mined and stockpiled for milling.
- Volume of ore milled — measures in tonnes the amount of ore material processed through the mill.
- Head grade — measures the metal content of mined ore going into a mill for processing, measured in grams per tonne.
- Mill recovery — measures the proportion of valuable metal physically recovered in processing ore, measured as a percentage of metal recovered to total metal originally present in the ore.
- Gold produced — measures the quantity of gold physically recovered in the processing of ore, here presented in thousands or millions of ounces.

Results of Operations

The following table sets out, for the periods indicated, the Group's consolidated income statement.

Consolidated income statement data

	Year ended 31 December	
	2014	**2013**
Sales	1,216,074	1,271,253
Cost of sales	(845,692)	(1,052,143)
Gross profit	370,382	219,110
General and administrative expenses	(59,886)	(66,941)
Impairment loss of non-current assets	(24,136)	(363,521)
Other operating expenses	(2,470)	(6,885)
Profit from operations	283,890	(218,237)
Finance income	8,139	18,275
Finance costs	(109,118)	(69,414)
Profit/(loss) before income tax	182,911	(269,376)
Income tax (expense)/benefit	(59,944)	70,349
Profit/(loss) for the year	122,967	(199,027)
Attributable to:		
Shareholders of the Company	98,307	(218,087)
Non-controlling interests	24,660	19,060
Weighted average number of shares outstanding during the year (millions of shares) – basic and diluted	378.217	378.109
(Loss)/earnings per share:		
Basic and diluted (loss)/earnings per share (US dollars)	0.26	(0.58)

KPIs

The table below provides a summary of the KPIs of the Group broken out by mine (apart from Buryatzoloto, the segment which comprises the Irokinda and Zun-Holba mines, where both mines are presented collectively in one column) in 2014 and 2013. The name of segments differs from the names of their mines, the segment name appears in italics above the mine name.

Production KPIs for 2014 and 2013

	Neryungri	**Aprelkovo**	**Suzdal**	**Buryatzoloto**	**Berezitovy**	**Taparko**	**Lefa**	**Bissa**	**Total**(2)
				Irokinda and Zun-Holba					
Volume mined (Kt)									
2014	3,551	2,267	512	694	1,421	1,988	4,199	3,789	18,421
2013	1,786	1,793	453	689	2,059	1,567	3,880	4,536	16,763
% change	99%	26%	13%	1%	(31%)	27%	8%	(16%)	10%
Volume milled (Kt)									
2014	3,848	1,851	546	686	1,898	1,767	6,459	3,756	20,812
2013	2,891	1,644	512	668	1,741	1,366	5,826	3,387	18,035

% change	33%	13%	7%	3%	9%	29%	11%	11%	15%
Head grade (g/t)									
2014	0.73	1.23	6.73	5.58	2.26	2.34	1.13	2.45	1.74
2013	0.88	1.27	7.25	4.72	2.20	2.99	1.06	2.67	1.89
% change	(17%)	(3%)	(7%)	18%	3%	(22%)	7%	(8%)	(8%)
Mill recovery (%)									
2014	75.0	47.7	64.0	92.9	90.2	85.9	86.8	88.9	81.7
2013	75.0	46.7	69.1	92.2	89.5	80.5	83.5	88.9	81.0
% change	0.0pp	1.0pp	(5.1pp)	0.7pp	0.7pp	5.4pp	3.3pp	0.0pp	0.7pp
Gold produced (Koz)(1) (2)									
2014	65.9	31.7	76.8	119.7	122.8	112.0	205.1	250.7	984.5
2013	66.5	32.7	81.1	98.5	120.3	108.4	162.7	254.3	924.4
% change	(1%)	(3%)	(5%)	22%	2%	3%	26%	(1%)	7%
Gold sold (Koz) (3)									
2014	65.9	31.8	76.7	109.3	118.5	111.7	195.7	250.8	960.4
2013	66.4	32.7	81.1	98.4	120.1	108.5	162.7	254.3	924.2
% change	(1%)	(3%)	(5%)	11%	(1%)	3%	20%	(1%)	4%

(1) Ore processed multiplied by head grade and multiplied by recovery may not be equal to gold produced due to differences in work in progress figures and volumes of silver production.

(2) Amounts for 2013 and 2014 include the gold equivalent of silver produced at the mine.

(3) Amounts for 2013 and 2014 include the gold equivalent of silver sold.

Financial KPIs for 2014 and 2013

	Neryungri and Aprelkovo		Suzdal and Balazhal (1)	Buryatzoloto	Berezitovy	Taparko	Lefa	Bissa	Other	Total(2)
	Neryungri	Aprelkovo		Irokinda and Zun-Holba						
Sales (external) (US$)										
2014	123.6		96.1	140.0	149.6	141.5	247.0	318.2	-	1,216.1
2013	133.1		110.1	136.0	164.7	151.9	225.7	349.8	-	1,271.3
% change	(7%)		(12.7%)	2.9%	(8.9%)	(6.8%)	9.4%	(9%)	n.a.	(4.3%)
Total cash cost per ounce produced (US$/oz) (unaudited)(5)										
2014	721	994	702	793	572	705	850	448	-	673
2013	1,017	1,020	733	993	783	771	1,398	468	-	848
% change	(29%)	(3%)	(4%)	(20%)	(27%)	(9%)	(39%)	(3%)	n.a.	(20%)
All-in sustaining cost per ounce produced (US$/oz) (unaudited)										
2014	855	1,094	868	992	713	919	1,133	570	-	887
2013	1,186	1,140	884	1,425	888	1,238	1,622	541	-	1,091

% change	(28%)	(4%)	(2%)	(30%)	(20%)	(26%)	(30%)	5%	n.a.	(19%)
Cash flows from operating activity (US$M)										
2014	18.5	8.3	30.4	37.0	64.6	46.0	79.6	137.8	(94.2)	328.0
2013	3.3	0.9	49.5	28.6	54.2	34.1	(8.2)	200.5	(52.3)	310.7
% change	457.6%	822.2%	14.9%	29.4%	19.2%	34.9%	(1,070.7%)	(31.3%)	(80.1%)	6%
EBITDA[3] (US$M) (unaudited)										
2014	28.9	9.2	35.8	48.7	76.7	59.1	62.6	195.9	(29.9)	487.0
2013	13.2	8.8	46.6	26.3	64.6	55.1	(13.1)	227.0	(34.7)	394.0
% change	119%	5%	(23%)	86%	19%	7%	n.a.	(14%)	n.a.	24%
Capital expenditures less capitalised costs for environmental provisions (US$M)										
2014	3.1	2.6	7.5	20.3	13.2	20.7	46.1	20.9	24.8	157.8
2013	51.5	2.4	14.2	30.6	8.0	37.4	26.4	31.5	35.8	237.7
% change	(96.9%)	(84.9%)	100%	(33.7%)	65.0%	(44.7%)	(75.4%)	(33.7%)	(30.7%)	(33.6%)

Note: Total cash cost per ounce produced and EBITDA are non-IFRS measures and are unaudited.

(1) Includes gold from Zherek
(2) Other includes the effects of the financial results of non-mining entities within the Group and consolidation adjustments.
(3) Normalised EBITDA. Figures for 2013 were recalculated after reclassifications made in 2014. For more details see "Reclassification"

Revenue

2014 revenue decreased to US$1.216.1 million from US$1.271.3 million. Despite increased gold production in 2014, the revenue reduction was driven by a lower gold price and the fact that 24.5 Koz of refined gold remained unsold and approximately 28.5 Koz of gold doré was not refined at the end of 2014.

Cost of sales

Cost of sales in 2014 amounted to US$845.7 million, US$206.4 million lower than in 2013 (2012: US$1052.1 million). The decrease was due to a set of various measures designed for improving operational efficiency and headcount reduction as well as depreciation of Russian ruble and Kazakhstan tenge against the US dollar in 2014.

Consolidated cost of sales for 2014 and 2013

	Year ended 31 December (US$000)		Change, US$000	Per cent. change
	2014	2013	2014-2013	
Personnel costs	177,727	201,969	(24,242)	(12.0%)
Materials	110,389	152,516	(42,129)	(27.6%)
Fuel and energy	168,445	202,821	(34,367)	(16.9%)
Spare parts	80,143	109,499	(29,356)	(26.8%)
Taxes other than income tax	76,176	75,237	939	1.2%
External services	51,032	61,784	(10,752)	(17.4%)
Change in obsoleteand net realisable	(1,671)	23,717	(25,388)	(107.0%)

value provision				
Other expenses	25,133	19,833	5,299	26.7%
Change in finished goods and work-in-process	(39,588)	(14,411)	(25,177)	174.7%
Direct mining costs	**647,793**	**832,965**	**(185,172)**	**(22.2%)**
Depreciation and amortisation	197,899	219,178	(21,279)	(9.7%)
Cost of sales	**845,692**	**1,052,143**	**(206,451)**	**(19.6%)**

Personnel costs decreased by US$24.2 million, from US$201.9 million in 2013 to US$177.7 million in 2014. This decrease was driven mainly by optimisation of the 3-level organisational structure and headcount reduction.

The cost of materials decreased by US$42.1 million, from US$152.5 million in 2013 to US$110.4 million in 2014, due to various processing improvement initiatives.

Fuel and energy costs decreased by US$34.4 million, from US$202.8 million in 2013 to US$168.4 million in 2014, mainly due to improvement of consumption in Lefa.

The cost of spare parts decreased by US$29.4 million, from US$109.5 in 2013 to US$80.1 million, mostly driven by improved in consumption efficiency.

The cost of external services decreased by US$10.8 million, from US$61.8 million in 2013 to US$51.0 million in 2014, mainly due to decrease of external services at Lefa by US$7.8 million in 2014 and depreciation of the Russian rouble and Kazakhstan tenge against the US dollar during 2014.

The change in obsolete and net realizable value provision decreased by US$25.4 million, from US$23.7 million in 2013 to US$(1.7) million in 2014 due to significant WiP impairment recognised in 2013.

In 2014, taxes other than income taxes were US$76.2 million, almost in line with US$75.2 million in 2013.

Group taxes other than income tax for 2014 and 2013

	Year ended 31 December (US$000)		**Change, US$000**	**Per cent. change**
	2014	**2013**	**2014-2013**	
Mining' tax	60,066	68,900	(8,834)	(13%)
Property tax	4,545	3,804	741	19%
Other taxes	11,566	2,533	9,033	357%
Total	**76,176**	**75,237**	**940**	**1%**

The most significant part of amount discussed relates to the mining tax which is directly dependent on the production, sales and sales prices levels. Higher volumes of gold produced and sold led to increase of mining tax.

For detailed analysis of changes in elements of cost of sales for the years ended 2014 and 2013 please refer to "Financial performance by segment" below.

Total cash costs[(1)] for the Group for 2014 and 2013.

	Year ended 31 December	**Per cent. change**	
	2014	**2013**	**2014-2013**
Cost of sales	**845,692**	**1,052,143**	(19.6%)
(Less)/plus items in income statement:			

Depreciation and amortisation	(197,899)	(219,178)	(9.7%)
Provision for asset retirement of obligations	(1,086)	(4,129)	(73.7%)
Allowance for slow-moving and obsolete inventories	(5,005)	(6,835)	-26.8%
Work-in-progress and finished goods fair value adjustment	17,096	(22,813)	(174.9%)
Unused vacation	(11,949)	(22,607)	(47.1%)
Employees' bonuses	(8,734)	(7,353)	18.8%
Exceptional items	(6,353)	(11,618)	(45.3%)
Change in finished goods (less items above capitalised in finished goods)	13,382	1,246	974.0%
Revenue of by-products	(7,942)	(7,077)	12.2%
Cost of production	**637,202**	**751,779**	**(15.2%)**
General and administrative expenses	59,886	66,941	(10.5%)
(less)/plus items in income statement:			
Depreciation and amortisation	(3,815)	(804)	374.5%
Corporate overheads	(32,868)	(34,484)	(4.7%)
Allowance for bad debts	-	(71)	(100.0%)
Unused vacation	(447)	(1,866)	(76.0%)
Employees' bonuses	(1,619)	(1,278)	26.7%
Exceptional items	-	(85)	(100.0%)
Mining administrative expenses	**21,137**	**28,353**	**(25.5%)**
Corporate overheads	(547)	(711)	(23.1%)
Total cash costs	**657,792**	**779,421**	**(15.6%)**
Total gold produced, Oz(2)	978,063	918,974	6.4%
Total cash cost produced, US$/oz	**673**	**848**	**(20.6%)**

(1) Total cash cost is a non-IFRS measure and is unaudited. For a description of total cash costs, see "Presentation of Financial and Other Information—Non-IFRS measures—Total cash cost". Figures for 2013 were recalculated after reclassifications made in 2014. For details see "Reclassifications".

(2) This amount does not include the gold equivalent of silver produced by the Group.

General and administrative expenses

Group general and administrative expenses for 2014 and 2013

	Year ended 31 December (US$000)		Change, US$000	Per cent. change
	2014	**2013**	**2014-2013**	
Wages and salaries	31,278	34,399	(3,121)	(9.1%)
Professional and other services	17,613	21,639	(4,026)	(18.6%)
Social security costs	3,888	4,291	(403)	(9.4%)
Materials and consumables	1,094	1,413	(319)	(22.6%)
Depreciation and amortisation	3,815	804	3,011	374.5%
Other expenses	2,198	4,395	(2,197)	(49.9%)
Total	**59,886**	**66,941**	**(7,055)**	**(10.5)**

General and administrative expenses decreased by US$7 million from US$66.9 million in 2013 to US$59.9 million in 2014. The decrease was primarily due to lower expenses for the professional services.

Impairment loss of non-current assets

In 2014, the Company assumed one-off non-cash impairment losses of US$24.1 million on pre-tax basis recognised in other operating expenses. For details, see table below and note 17 of the Consolidated Financial Statements.

	Year ended 31 December	
	2014	**2013**
Intangible assets		
African greenfields	9,357	2,653
North Gold Mining Company	7,318	-
Berezitovy	4,550	-
Buryatzoloto	588	-
Aprelkovo	27	29,321
Lefa	-	199,464
Suzdal	-	50,444
Zherek & Balazhal	-	27,310
	21,840	**309,192**
Property, plant and equipment		
Buryatzoloto	2,296	-
Aprelkovo	-	17,593
Suzdal & Balazhal	-	1,386
Berezitovy	-	(56)
	2,296	18,923
Long-term work-in-progress		
Aprelkovo	-	23,742
Taparko	-	11,240
Suzdal and Balazhal	-	424
		35,406
Total impairment of non-current assets recognised in other operating expenses	**24,136**	**363,521**
Work-in-progress	-	
Lefa	-	19,460
Aprelkovo	-	-
Suzdal & Balazhal	-	2,443
Buryatzoloto	-	484
Berezitovy	-	252
Taparko	-	174
Work-in-progress impairment recognised in cost of sales	**-**	**22,813**

Other operating expenses, net

	Year ended 31 December	
	2014	**2013**
Write-offs of accounts receivable and payable, net	(1,147)	(4,661)
VAT receivable write-off	-	(3,598)
Loss on disposal of property, plant and equipment	(795)	(2,166)
Social expenses	(1,085)	(1,941)

Restructuring	(1,145)	-
Net loss from joint ventures	(2,908)	(1,152)
Charity donations	(1,866)	(742)
Net gain/(loss) on disposal of inventories	285	(542)
Other	(740)	(540)
Decrease in provisions and contingencies	6,931	3,521
Net gain from contractual compensations and fines	-	4,936
Total	**(2,470)**	**(6,885)**

Finance income/(costs)

Net finance costs in 2014 increased by US$49.9 million to US$101.0 million compared with US$51.1 million in 2013, mainly due to higher interest expenses.

The table below presents a breakdown of interest expense by types of borrowers of the Group for 2014 and 2013.

	Year ended 31 December (US$000)		Change, US$000	Per cent. change
	2014	**2013**	**2014-2013**	
Interest expense on related party debt financing	221	49	172	>100%
Interest expense on third party debt financing	52,829	56,283	3,454	8%
Total	**53,050**	**56,332**	**3,282**	**6%**

Income tax expense

Nordgold reported an income tax expense of US$59.9 million in 2014 compared with US$70.3 million of income tax benefit 2013(included tax benefit from impairment losses recognised in form of deferred tax liabilities decrease amounted to US$103.0 million).

The weighted average applicable tax rate in 2014 was 33% (2013: 26%). The following factors affected the decrease of the effective tax rate:

- Write-off of certain deferred tax assets related to tax loss carried forward;
- Change of Russian business units' result share in profit before income tax.

Profit for the period

Net profit for 2014 was US$123.0 million compared with a net loss of US$199.0 million in 2013 (related to impairment of tangible and intangible assets recognised in 2013).

Profit attributable to non-controlling interest

Profit attributable to non-controlling interest increased to US$24.7 million in 2014 compared to US$19.1 million in 2013.

Net profit attributable to Shareholders of the Company amounted to US$98.3 million, compared to loss of US$218.1 million in 2013.

The details could be obtained from Consolidated statement of change in equity in the Consolidated Financial Statement.

Financial Performance by Segment

Below follows a comparison of the mines of the Neryungri and Aprelkovo, Suzdal and Balazhal, Taparko, Buryatzoloto, Berezitovy, Lefa and Bissa segments, which constitute the mines the Group owned and operated during the periods under review.

Neryungri and Aprelkovo

The Neryungri and Aprelkovo segment comprises mines at Neryungri and Aprelkovo in the Russian Federation.

Neryungri

Neryungri — KPIs for 2014 and 2013(1)

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	3,551	1,786	99%
Ore milled, kt	3,848	2,891	33%
Head grade, g/t	0.73	0.88	(17%)
Mill recovery, %	75.0	75.0	0.00 pp
Gold production, Koz	65.9	66.5	(1%)
Gold sold, Koz	65.9	66.4	(1%)
Revenue, US$m	82.7	89.6	(8%)
EBITDA (US$m) (2)	28.9	13.2	119%
Cash costs/ounce produced (US$/oz) (2)	721	1,017	(29%)

(1) The Group held a 100 per cent. interest in Neryungri in each of the periods presented.

(2) Not audited. Figures for 2013 were recalculated after reclassifications made in 2014. For details see "Reclassifications".

Ore mined increased by 1,765 kt to 3,551 kt due to the development of Gross' pilot stage operation.

Accordingly ore milled increased by 957 kt, from 2,891kt in 2013 to 3,848kt in 2014 comprising of 1,839 kt ore at 0.68 g/t from Gross and 2,009 kt at 0.77 g/t from Tabornoe.

Average head grade of ore milled declined by 0.15 g/t to 0.73 g/t, while both gold ounces produced and gold ounces sold decreased in 2014 by 1%, amounting to 65.9 Koz.

Revenue decreased by 8% from US$89.6 million in 2013 to US$82.7 million in 2014, as a result of lower gold prices. EBITDA increased by 119% from US$13.2 million 2013 to US$28.9 million in 2014 due to decreased total cash costs per ounce.

Cash costs per ounce produced in 2014 were 296 US$ per ounce lower than 2013 level with decrease of 29% - from US$1,017 in 2013 to US$721 per ounce in 2014 due to higher ore mined and processed volumes, as well as significant reduction of stripping ratio related mainly to the development of the low stripping ratio Gross pilot stage operation.

Neryungri cost of sales for 2014 and 2013

	Year ended 31 December (US$000)		Change (US$000)	Per cent. change
	2014	2013	2014-2013	
Personnel costs	24,004	18,302	5,702	31.2%

Materials	10,409	15,560	(5,151)	(33.1%)
Fuel and energy	17,542	18,796	(1,254)	(6.7%)
Spare parts	7,392	9,082	(1,690)	(18.6%)
Taxes other than income tax	6,074	6,295	(221)	(3.5%)
External services	3,269	2,895	374	12.9%
Change in obsolete provision	(955)	(327)	(628)	192.0%
Other expenses	(1,229)	2,750	(3,979)	(144.7%)
Change in finished goods and work-in-process	(16,446)	1,943	(18,398)	(946.4%)
Direct mining costs	**50,060**	**75,296**	**(25,263)**	**(33.5%)**
Depreciation and amortisation	9,975	15,007	(5,032)	(33.5%)
Cost of sales	**60,035**	**90,303**	**(30,268)**	**(33.5%)**

Personnel costs increased by US$5.7 million – from US$18.3 million in 2013 to US$24.0 million in 2014, mainly as a result of a new system of motivation, payments for overtime and increase of unused vacation provision.

The cost of materials decreased significantly by US$5.2 million – from US$15.6 million in 2013 to US$10.4 million in 2014, mainly as a result of improved consumption efficiency in metallurgy and decrease of stripping ratio for mining cots. Improved in consumption efficiency was led also to the decrease of fuel and energy costs, from US$18.8 million in 2013 to US$17.5 million in 2014 and decrease of cost of spare parts, from US$9.1 million in 2013 to US$7.4 million in 2014. External services are generally in-line with 2013 with insignificant increase of US$0.4 million.

Decrease of obsolescence provision represents provision reversals made in 2014.

Other expenses decreased by almost US$4 million mainly due to a change in accounting estimate of assets retirement obligation provision.

Depreciation and amortisation expenses decreased by US$5.0 million in 2014.

Substantially all of the cost of sales of Neryungri for 2014 were denominated in roubles.

Neryungri total cash costs for 2014 and 2013[(1)]

	Year ended 31 December		Per cent. change
	2014	**2013**	**2014-2013**
Cost of sales	**60,035**	**90,303**	(33.5%)
(Less)/plus items in income statement:	-		
Depreciation and amortisation	(9,975)	(15,007)	(33.5%)
Provision for asset retirement of obligations	(816)	(3,225)	(74.7%)
Allowance for slow-moving and obsolete inventories	(243)	(422)	(42.4%)
Work-in-progress and finished goods fair value adjustment	-	-	
Unused vacation	(4,344)	(3,139)	38.4%
Employees' bonuses	(316)	(725)	(56.4%)
Exceptional items	(50)	(2,463)	(98.0%)
Change in finished goods (less items above capitalised in finished goods)	1,254	167	650.6%
Revenue of by-products	(201)	(130)	54.3%

Cost of production	**45,343**	**65,359**	**(30.6%)**
General and administrative expenses	5,847	8,238	(29.0%)
(less)/plus items in income statement:	-		
Depreciation and amortisation	(403)	(39)	933.3%
Corporate overheads	(3,217)	(5,879)	(45.3%)
Allowance for bad debts	-	-	
Unused vacation	(191)	(249)	(23.3%)
Employees' bonuses	(66)	9	(833.3%)
Exceptional items	-	-	
Mining administrative expenses	**1,970**	**2,080**	**(5.3%)**
Total cash costs	**47,313**	**67,438**	(29.8%)
Total gold produced, Oz (2)	65,674	66,367	(1.0%)
Total cash cost produced, US$/oz	**721**	**1,017**	**(29,1%)**

(1) Total cash cost is a non-IFRS measure. For a description of total cash costs, see "*Presentation of Financial and Other Information—Non-IFRSmeasures—Total cash cost*". Figures for 2013 were recalculated after reclassifications made in 2014. For details see *"Reclassifications"*.

(2) This amount does not include the gold equivalent of silver produced at the mine.

Cash costs per ounce produced in 2014 decreased by 29.1% - from US$1017 in 2013 to US$721 per ounce in 2014.

Aprelkovo

Aprelkovo — KPIs for 2014 and 2013(1)

Operating Highlights	**2014**	**2013**	**Change, YoY**
Ore mined, kt	2,276	1,793	26%
Ore milled, kt	1,851	1,644	13%
Head grade, g/t	1.23	1.27	(3%)
Mill recovery, %	47.7	46.7	1.00 pp
Gold ounces produced (Koz)	31.7	32.7	(3%)
Gold ounces sold (Koz)	31.8	32.7	(3%)
Revenue, US$m	40.9	43.5	(6%)
EBITDA (US$M) (2)	9.2	8.8	5%
Cash costs/ounce produced (US$/oz) (2)	994	1,020	(3%)

(1) The Group held a 100 per cent interest in Aprelkovo in each of the periods presented.

(2) Not audited. Figures for 2013 were recalculated after reclassifications made in 2014. For details see "Reclassifications".

Ore mined increased by 483 kt to 2.276 kt in line with mining plan.

Accordingly ore milled increased by 207 kt, from 1.644 kt in 2013 to 1.851 kt in 2014.

Average head grade of ore milled was in line with 2013 level with insignificant decrease of 0.04 g/t to 1.23 g/t and mill recovery increased by 1 pp, from 46.7% to 47.7% due to an increase of crushing ratio.

Gold ounces produced and gold ounces sold in 2014 declined by 1 Koz and 0.9 Koz with 2013 levels correspondingly, mainly due to a lower grade partially offset by higher ore mined and processed volumes.

Revenue decreased by 6% from US$43.5 million in 2013 to US$40.9 million in 2014, as a result of lower gold prices. EBITDA increased by 5% from US$8.8 million 2013 to US$9.2 million in 2014, mainly due to depreciation of the Russian rouble against the US dollar during 2014.

Cash costs per ounce produced in 2014 decreased by 2.5% - from US$1.020 in 2013 to US$994 per ounce in 2014 due to higher recovery, lower stripping ratio and improved efficiency of blasting and digging processes, as well as optimised consumption efficiency and a reduction in G&A.

Aprelkovo cost of sales for 2014 and 2013

	Year ended 31 December (US$000)		**Change, US$000**	**Per cent. change**
	2014	**2013**	**2014-2013**	
Personnel costs	10,979	12,018	(1,039)	(8.6%)
Materials	8,186	11,524	(3,338)	(29.0%)
Fuel and energy	7,034	7,650	(616)	(8.1%)
Spare parts	3,529	5,016	(1,487)	(29.6%)
Taxes other than income tax	2,005	3,017	(1,012)	(33.5%)
External services	1,907	2,307	(400)	(17.3%)
Change in obsolete provision	(5,314)	968	(6,282)	(649.0%)
Other expenses	(537)	1,268	(1,805)	(142.4%)
Change in finished goods and work-in-process	(3,176)	(10,421)	7,245	(69.5%)
Direct mining costs	**24,613**	**33,347**	**(8,734)**	**(26.2%)**
Depreciation and amortisation	2,516	7,071	(4,555)	(64.4%)
Cost of sales	**27,129**	**40,417**	**(13,288)**	**(32.9%)**

Personnel costs decreased by approximately US$1 million, from US$12.0 million in 2013 to US$11.0 million in 2014 mainly due to depreciation of the Russian rouble against the US dollar during 2014.

The cost of materials decreased by US$3.3 million, from US$11.5 million in 2013 to US$8.2 million in 2014 mainly due to optimised consumption efficiency as well as decrease of the prices for some materials. Fuel and energy costs did not decrease significantly due to increase of fuel and energy prices and enlargement of the average transportation distance.

The cost of spare parts decreased by US$1.5 million, from US$5.0 million in 2013 to US$3.5 million in 2014, primarily due to optimised consumption efficiency and depreciation of the Russian rouble against the US dollar during 2014.

The cost of external services decreased by US$0.4 million, from US$2.3 million in 2013 to US$1.9 million in 2014, mainly because of depreciation of the Russian rouble against the US dollar during 2014.

Other expenses decreased by US$1.8 million mainly due to a change in accounting estimate of assets retirement obligation provision.

Depreciation and amortisation expenses decreased by US$4.6 million mainly due to impairment of property, plant and equipment recognised in 2013.

Substantially all the cost of sales of Aprelkovo for 2014 was denominated in roubles.

Aprelkovo total cash costs for 2014 and 2013[1]

	Year ended 31 December		Per cent. change
	2014	**2013**	**2014-2013**
Cost of sales	**27,129**	**40,417**	(32.9%)
(Less)/plus items in income statement:			
Depreciation and amortisation	(2,516)	(7,071)	(64.4%)
Provision for asset retirement of obligations	(259)	(228)	13.6%
Allowance for slow-moving and obsolete inventories	99	(838)	(111.8%)
Work-in-progress and finished goods fair value adjustment	5,959	-	
Unused vacation	(302)	(306)	(1.3%)
Employees' bonuses	(96)	(110)	(12.7%)
Exceptional items	(25)	(75)	(66.7%)
Change in finished goods (less items above capitalised in finished goods)	526	125	320.8%
Revenue of by-products	(44)	(37)	18.9%
Cost of production	**30,471**	**31,877**	(4.4%)
General and administrative expenses	4,007	3,942	1.6%
(less)/plus items in income statement:	-		
Depreciation and amortisation	(5)	(16)	(68.8%)
Corporate overheads	(2,880)	(2,275)	26.6%
Allowance for bad debts	-	(39)	(100.0%)
Unused vacation	(82)	(133)	(38.3%)
Employees' bonuses	(32)	(27)	18.5%
Exceptional items	-	-	
Mining administrative expenses	**1,008**	**1,452**	**(30.6%)**
Total cash costs	**31,479**	**33,329**	(5.6%)
Total gold produced, Oz [2]	31,644	32,665.0	(3.1%)
Total cash cost produced, US$/oz	**994**	**1,020**	(2.5%)

(1) Total cash cost is a non-IFRS measure. For a description of total cash costs, see "*Presentation of Financial and Other Information—Non-IFRS measures—Total cash cost*". Figures for 2012 were recalculated after reclassifications made in 2013. For details see *"Reclassifications"*.

(2) This amount does not include the gold equivalent of silver produced at the mine.

Cash costs per ounce produced decreased by 2.5% due to higher recovery, lower stripping ratio and improved efficiency of blasting and digging processes as well as depreciation of the Russian rouble against the US dollar during 2014.

Changes in the amounts of non-cash items did not significantly influence the changes in cash cost, as it is mainly dependent on changes in cost of sales and the level of gold production.

Suzdal and Balazhal

The Suzdal and Balazhal segment comprises the Suzdal mine and the Balazhal and Zherek mines in Kazakhstan. This discussion focuses on the results of Suzdal, as the results of Zherek and Balazhal are not significant.

Suzdal— KPIs for 2014 and 2013(1)

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	512	453	13%
Ore milled, kt2	546	512	7%
Head grade, g/t	6.73	7.25	(7%)
Mill recovery, %	64.0	69.1	(5.1 pp)
Gold ounces produced (Koz)	76.8	81.1	(5%)
Gold ounces sold (Koz)	76.7	81.1	(5%)
Revenue, US$m	96.1	110.1	(13%)
EBITDA (US$M) (2)	36.6	46.9	(22%)
Cash costs/ounce produced (US$/oz) (2)	702	733	(4%)

(1) The Group held a 100 per cent interest in Suzdal in each of the periods presented.

(2) Not audited. Figures for 2013 were recalculated after reclassifications made in 2014. For details see “Reclassifications”.

Ore mined increased by 59 kt to 512 kt in 2014. Accordingly ore milled increased by 34 kt, from 512 kt in of 2013 to 546 kt in 2014.

Head grade decreased by 0.5 g/t from 7.3 g/t in 2013 to 6.7 g/t in 2014, due to the increase in dilution in 2014 and mining of lower grade ore . Mill recovery decreased by 5.1 p.p. from 69.1% in 2013 to 64.0% 2014.

Gold ounces produced decreased by 4.3 Koz, from 81.1 Koz in 2013 to 76.8 Koz in 2014 as a result of lower grade and recovery partially offset by higher throughput.

Revenue decreased by 13% in 2014 from US$110.1 million in 2013, to US$96.1 million in 2014. The decrease was the result of lower gold prices together with lower sales volumes and led to decrease of EBITDA, from US$46.9 million in 2013 to US$36.6 million in 2014.

Cash costs at Suzdal decreased by 4%, from 733US$/oz to 702 US$/oz driven by depreciation of the Kazakhstan tenge against the US dollar during 2014 and savings on materials, spare parts, as well as lower services costs and G&A expenses.

Suzdal cost of sales for 2014 and 2013

	Year ended 31 December (US$000)		Change, US$000	Per cent. change
	2014	2013	2014-2013	
Personnel costs	16,049	15,971	78	0.5%
Materials	14,958	17,246	(2,288)	(13.3%)
Fuel and energy	6,074	6,619	(545)	(8.2%)
Spare parts	3,985	4,524	(539)	(11.9%)
Taxes other than income tax	8,408	9,027	(619)	(6.9%)
External services	4 004	4,924	(920)	(18.7%)
Change in obsolete provision	(405)	1,161	(1,566)	(134.9%)

Other expenses	121	213	(92)	(43.2%)
Change in finished goods and work-in-process	1,192	3,488	(2,296)	(65.8%)
Direct mining costs	**54,388**	**63,172**	**(8,784)**	**(13.9%)**
Depreciation and amortisation	18,400	28,665	(10,265)	(35.8%)
Cost of sales	**72,788**	**91,837**	**(19,049)**	**(20.7%)**

Personnel costs were in 2014 almost in-line with 2013 and amounted to US$16 million.

The cost of materials decreased by US$2.3 million from US$17.2 million in 2013 to US$15 million in 2014. The decrease was principally due to increased consumption efficiency.

Both fuel and energy costs as well as costs of spare parts in 2014 decreased by US$0.5 million in 2014 and amounted to US$6.1 million and US$4.0 accordingly.

The cost of external services decreased by US$0.9 million from US$4.9 million in 2013 to US$4.0 million in 2014 mainly due to cost savings realised on using own analytical laboratory.

Change in obsolescence provision decreased by US$1.6 million due to reversal of provision in 2014.

Depreciation and amortisation expenses decreased by US$10.3 million from US$28.7 million in 2013 to US$18.4 million in 2014 mainly due to impairment of property, plant and equipment and intangible assets recognised in 2013.

In 2014, tenge-denominated costs constituted a substantial majority of Suzdal's cost of sales.

Suzdal total cash costs for 2014 and 2013[1]

	Year ended 31 December		Per cent. change
	2014	**2013**	**2014-2013**
Cost of sales	**72,788**	**91,837**	(20.7%)
(Less)/plus items in income statement:			
Depreciation and amortisation	(18,400)	(28,665)	(35.8%)
Provision for asset retirement of obligations	-	8	(100.0%)
Allowance for slow-moving and obsolete inventories	239	(1,955)	(112.2%)
Work-in-progress and finished goods fair value adjustment	-	(1,532)	(100.0%)
Unused vacation	(1,548)	(1,506)	2.8%
Employees' bonuses	(1,358)	(1,000)	35.8%
Exceptional items	7	(247)	(102.8%)
Change in finished goods (less items above capitalised in finished goods)	626	417	50.1%
Revenue of by-products	(55)	-	
Cost of production	**52,299**	**57,357**	(8.8%)
General and administrative expenses	2,820	3,130	(9.9%)
(less)/plus items in income statement:	-		
Depreciation and amortisation	(128)	(60)	113.3%
Corporate overheads	(649)	-	100.0%
Unused vacation	27	(240)	(111.3%)
Employees' bonuses	(493)	(270)	82.6%
Mining administrative expenses	**1,577**	**2,560**	(38.4%)

Total cash costs	**53,876**	**59,916**	(10.1%)
Total gold produced, Oz (2)	76,778	81,722	(6.0%)
Total cash cost produced, US$/oz	**702**	**733**	(4.2%)

(1) Total cash cost is a non-IFRS measure. For a description of total cash costs, see "*Presentation of Financial and Other Information—Non-IFRSmeasures—Total cash cost*". Figures for 2012 were recalculated after reclassifications made in 2013. For details see *"Reclassifications"*.

(2) This amount does not include the gold equivalent of silver produced at the mine.

Cash costs per ounce produced decreased by 4.2% per ounce, from US$733 in 2013 to US$702 in 2014 mainly due depreciation of the Kazakhstan tenge against the US dollar during 2014 as well as to savings on materials, spare parts, as well as lower services costs and G&A expenses.

Non-cash charges and exceptional expenses are excluded from cost of sales in order to attain total cash cost. For Suzdal's periods under review, the major deduction was the depreciation charge, which is not a cash expense.

Management excluded certain exceptional expenses that it believes do not represent ordinary course cash outflows.

Buryatzoloto

Buryatzoloto — KPIs for 2014 and 2013[1]

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	694	689	1%
Ore milled, kt	686	668	3%
Head grade, g/t	5.58	4.72	18%
Mill recovery, %	92.9	92.2	0.7 pp
Gold ounces produced (Koz)	119.7	98.5	22%
Gold ounces sold (Koz)	109.3	98.4	11%
Revenue, US$m	140.0	136.0	2.9%
EBITDA (US$M) [2]	48.7	26.3	86%
Cash costs/ounce produced (US$/oz) (2)	793	993	(20%)

(1) The Group consolidated the results of Buryatzoloto but had held 92.0 per cent interest as at 31 December 2014 (84.9 as at 31 December 2013).

(2) Not audited. Figures for 2013 were recalculated after reclassifications made in 2014. For details see "Reclassifications".

Ore mined remained almost in-line with 2013 at 694 kt, with an insignificant increase of 5kt. Accordingly ore milled increased by 18 kt, from 668 kt in 2013 to 686 kt in 2014.

Head grade increased by 0.9 g/t from 4.7 g/t in 2013 to 5.6 g/t in 2014, due to the involvement of high-grade ore bodies (vein Vysokaya-2, Severonoe-2, Severnoe-3 and Dalnee) in Y2014 mining process . Mill recovery increased by 0.7pp, from 92.2% in 2013 to 92.9% in 2014.

Gold ounces produced increased by 22%, from 98.5 Koz in 2013 to 119.7 Koz in 2014 due to higher head grade in ore mined, which was achieved as a result of continued investments in new level development and the development of new ore blocks.

Revenue increased by US$4 million, from US$136.0 million in 2013 to US$140.0 million in 2014 as a result of increase of volumes of gold sold. Growth in revenue together with decrease of cash cost led to EBITDA increase of US22.4 million, from US$26.3 million in 2013 to US$48.7 million in 2014.

Cash costs per ounce produced decreased by US$200.0 per ounce, from US$993.0 in 2013 to US$793.0 in 2014 primarily due to higher gold output, grade and recovery; the costs reduction was also supported by improved materials and spare parts consumption and a decrease in G&A.

Buryatzoloto cost of sales for 2014 and 2013

	Year ended 31 December (US$000)		Change, US$000	Per cent. change
	2014	2013	2014-2013	
Personnel costs	46,888	53,019	(6,131)	(11.6%)
Materials	14,148	18,129	(3,981)	(22.0%)
Fuel and energy	10,652	12,732	(2,080)	(16.3%)
Spare parts	7,287	6,810	477	7.0%
Taxes other than income tax	9,650	8,763	887	10.1%
External services	11,185	9,974	1,211	12.1%
Change in obsolete provision	118	1,198	(1,080)	(90.2%)

Other expenses	(615)	(1,260)	645	(51.2%)
Change in finished goods and work-in-process	(12,615)	(3,515)	(9,100)	258.9%
Direct mining costs	**86,699**	**105,850**	**(19,151)**	**(18.1%)**
Depreciation and amortisation	14,635	17,612	(2,977)	(16.9%)
Cost of sales	**101,333**	**123,463**	**(22,130)**	**(17.9%)**

Personnel costs in 2014 decreased in 2014 by US$6.1 million, from US$53.0 million to US$46.9 million due to ue depreciation of the Russian rouble against the US dollar during 2014

The cost of materials decreased by US$4.0 million – from US$18.1 million in 2013 to US$14.1 million in 2014, mainly as a result of reduction in materials consumption.

Fuel and energy costs decreased from US$12.7 million in 2013 to US$10.7 million in 2014, while the cost of spare parts increased by 7.0%, from US6.8 million in 2013 to US$7.3 million in 2014. External services costs amounted to US$10.0 in 2013 and US$11.2 million in 2014.

Change in obsolescence provisions decreased by US$1.1 million, from US$1.2 million in 2013 to US$0.1 million in 2014.

Other expenses increased insignificantly by US$0.6 million, from US$(1.3) million in 2013 to US$(0.6) million in 2014.

Depreciation and amortisation expenses decreased by US$3.0 million from US$17.6 million in 2013 to US$14.6 million in 2014 mainly due to the translation of functional currency (Russian rouble) to reporting currency (USD).

In 2014, rouble-denominated costs constituted substantially all of Buryatzoloto's cost of sales, with the remaining cost of sales comprising costs denominated in US dollars.

Buryatzoloto total cash costs for 2014 and 2013[1]

	Year ended 31 December		Per cent. change
	2014	**2013**	**2014-2013**
Cost of sales	**101,333**	**123,463**	(17.9%)
(Less)/plus items in income statement:			
Depreciation and amortisation	(14,635)	(17,612)	(16.9%)
Provision for asset retirement of obligations	-	-	
Allowance for slow-moving and obsolete inventories	-	(3)	(100.0%)
Work-in-progress and finished goods fair value adjustment	-	(484)	(100.0%)
Unused vacation	(852)	(9,342)	(90.9%)
Employees' bonuses	(535)	(1,177)	(54.5%)
Exceptional items	(173)	(727)	(76.2%)
Change in finished goods (less items above capitalised in finished goods)	7,290	318	2,192.5%
Revenue of by-products	(3,637)	(2,464)	47.6%
Cost of production	**88,791**	**91,971**	(3.5%)
General and administrative expenses	13,404	7,714	73.8%
(less)/plus items in income statement:	-		
Depreciation and amortisation	(1,085)	(264)	311.0%
Corporate overheads	(8,503)	(2,873)	196.0%

Allowance for bad debts	-	25	(100.0%)
Unused vacation	35	(325)	(110.8%)
Employees' bonuses	(56)	(439)	(87.2%)
Exceptional items	-	-	
Mining administrative expenses	**3,795**	**3,838**	(1.1%)
Total cash costs	**92,586**	**95,809**	(3.4%)
Total gold produced, Oz (2)	116,717	96,446	21.0%
Total cash cost produced, US$/oz	**793**	**993**	(20.1%)

(1) Total cash cost is a non-IFRS measure. For a description of total cash costs, see "*Presentation of Financial and Other Information—Non-IFRSmeasures—Total cash cost*". Figures for 2012 were recalculated after reclassifications made in 2013. For details see *"Reclassifications"*.

(2) This amount does not include the gold equivalent of silver produced at the mine.

Total cash costs per ounce produced decreased by 20.1%.

Cash cost is mainly dependent on changes in the cost of sales and the level of production. Changes in the amounts of non-cash items did not impact significantly the changes in the cash cost.

Berezitovy

Berezitovy — KPIs for 2014 and 2013[1]

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	1,421	2,059	(31%)
Ore milled, kt[2]	1,898	1,741	9%
Head grade, g/t	2.26	2.20	3%
Mill recovery, %	90.2	89.5	0.7 pp
Gold ounces produced (Koz)	122.8	120.3	2%
Gold ounces sold (Koz)	118.5	120.1	(1%)
Revenue, US$m	149.6	164.7	(9%)
EBITDA (US$M)[3]	76.7	64.6	19%
TCC, US$/oz	572	783	(27%)

(1) The Group held 99.9 per cent effective economic interest in Berezitovy at the end of each period presented

(2) Main metallurgy only

(3) Not audited. Figures for 2013 were recalculated after reclassifications made in 2014. For details see "Reclassifications".

Ore mined in 2013 decreased by 638 kt, to 1,421 kt from 2,059 kt in 2013. The amount of ore milled increased by 157 kt, from 1,741 kt in 2013 to 1,898 kt in 2014, mainly due to the involvement in the process of ore from stockpiles.

Head grade of processed ore increased by 0.1 g/t from 2.2 in 2013 to 2.3 in 2014.

Recovery rate at the processing plant increased by of 0.7pp, from 89.5% in 2013 to 90.2% in 2014. Gold production increased by 2.5 Koz, from 120.3 Koz in 2013 to 122.8 Koz in 2014 due to higher throughput, grade and recovery.

Revenue decreased from US$164.7 million in 2013 to US$149.6 million in 2014 as a result of lower gold prices, along with lower volumes of gold sold. EBITDA increased to US$76.7 million, from US$64.6 million in 2013, mainly due to cash costs decrease.

A decrease in cash costs per ounce produced by US$211 per ounce, from US$783.0 in 2013 to US$572.0 in 2014, supported by improved materials and spare parts consumption and a decrease in G&A.

Berezitovy cost of sales for 2014 and 2013

	Year ended 31 December (US$000)		Change, US$000	Per cent. change
	2014	2013	2014-2013	
Personnel costs	22,601	27,669	(5,068)	(18.3%)
Materials	14,431	21,484	(7,053)	(32.8%)
Fuel and energy	13,350	17,189	(3,839)	(22.3%)
Spare parts	10,391	17,150	(6,759)	(39.4%)
Taxes other than income tax	11,293	11,798	(505)	(4.3%)
External services	2,605	5,592	(2,987)	(53.4%)
Change in obsolete provision	(1,016)	(188)	(828)	440.4%
Other expenses	1,018	121	897	741.3%
Change in finished goods and work-in-	(3,775)	(2,236)	(1,593)	68.8%

process				
Direct mining costs	**70,898**	**98,580**	**(27,682)**	**(28.1%)**
Depreciation and amortisation	12,443	17,015	(4,572)	(26.9%)
Cost of sales	**83,341**	**115,595**	**(32,254)**	**(27.6%)**

Personnel costs decreased by US$5.1 million, from US$27.7 million in 2013 to US$22.6 million in 2014. The decrease was primarily due to depreciation of the Russian rouble against the US dollar during 2014.

Due to improved consumption and depreciation of the Russian rouble against the US dollar during 2014, the cost of materials decreased by US$7.1 million, from US$21.5 million in 2013 to US$14.4 million in 2014, fuel and energy costs decreased by US$3.8 million, from US$17.2 million in 2013 to US$13.4 million in 2014, and the cost of spare parts decreased by US$6.8 million, from US$17.2 million in 2012 to US$10.4 million in 2014.

The costs of external services significantly decreased by US$3.0 million, from US$5.6 million to US$2.6 million in 2014.

Change in obsolescence provision decreased by US$0.8 million, from income of US$0.2 million in 2013 to income of US$1.0 million in 2014 due to reversal of provision in 2014.

Other expenses increased by US$0.9 million and amounted to US$1.0 million in 2014.

Depreciation and amortisation expenses decreased by US$4.6 million from US$17.0 million in 2013 to US$12.4 million in 2014 mainly due to translation of functional currency (Russian rouble) to reporting currency (USD).

In 2014, rouble-denominated costs constituted a substantial majority of Berezitovy's cost of sales.

Berezitovy total cash costs for 2014 and 2013[1]

	Year ended 31 December		**Per cent. change**
	2014	**2013**	**2014-2013**
Cost of sales	**83,341**	**115,595**	(27.9%)
(Less)/plus items in income statement:			
Depreciation and amortisation	(12,443)	(17,015)	(26.9%)
Provision for asset retirement of obligations	0	1	(100.0%)
Allowance for slow-moving and obsolete inventories	(94)	(541)	(82.6%)
Work-in-progress and finished goods fair value adjustment	0	(252)	(100.0%)
Unused vacation	(2,633)	(2,806)	(6.2%)
Employees' bonuses	(701)	(1,254)	(44.1%)
Exceptional items	(134)	(1,266)	(89.4%)
Change in finished goods (less items above capitalised in finished goods)	2,456	140	1,654.3%
Revenue of by-products	(2,724)	(2,668)	2.1%
Cost of production	**67,068**	**89,934**	(25.4%)
General and administrative expenses	13,209	9,241	42.9%
(less)/plus items in income statement:	0		-
Depreciation and amortisation	(465)	(137)	239.4%
Corporate overheads	(10,610)	(5,933)	78.8%
Allowance for bad debts	(1)	(54)	(98,1%)

Unused vacation	(156)	(236)	(33.9%)
Employees' bonuses	(72)	(208)	(65.4%)
Exceptional items			
Mining administrative expenses	**1,905**	**2,673**	(28.7%)
Total cash costs	**68,973**	**92,607**	(25.5%)
Total gold produced, Oz (2)	120,573	118,319	1.9%
Total cash cost produced, US$/oz	**572**	**783**	(27.7%)

(1) Total cash cost is a non-IFRS measure. For a description of total cash costs, see "*Presentation of Financial and Other Information—Non-IFRSmeasures—Total cash cost*". Figures for 2012 were recalculated after reclassifications made in 2013. For details see *"Reclassifications"*.

(2) This amount does not include the gold equivalent of silver produced at the mine.

Cash costs per ounce produced in 2014 were 27.7% lower than those in 2013 - they decreased from US$783 to US$572.

Changes in the amounts of non-cash items did not impact cash cost significantly, as it is mainly dependent on changes in the cost of sales and the level of gold production.

Taparko

Taparko — KPIs for 2014 and 2013[1]

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	1,988	1,567	27%
Ore milled, kt	1,767	1,366	29%
Head grade, g/t	2.34	2.99	(22%)
Mill recovery, %	85.9	80.5	5.4 pp
Gold ounces produced (Koz)	112.0	108.4	3%
Gold ounces sold (Koz)	111.7	108.5	3%
Revenue (US$m)	141.5	151.9	(7%)
EBITDA (US$M) [2]	59.1	55.1	7%
Cash costs/ounce produced (US$/oz) [2]	705	771	(9%)

(1) The Group consolidated the result of Taparko but held a 90 per cent interest in Taparko in each of the periods presented.

(2) Not audited. Figures for 2013 were recalculated after reclassifications made in 2014. For details see "Reclassifications".

Ore mined increased by 421 kt to 1,988 kt to compensate lower gold grade.

Accordingly ore milled increased by 401 kt, from 1,366 kt in 2013 to 1,767 kt in 2014.

Head grade decreased by 0.7 g/t from 3.0 g/t in 2013 to 2.3 g/t in 2014. Mill recovery increased by 5.4pp from 80.5% in 2013 to 85.9% in 2014.

Gold ounces produced increased by 3.6 Koz, from 108.4 Koz in 2013 to 112.0 Koz in 2014 mainly due to higher throughput and recovery partially offset by lower grade. Gold ounces sold also increased by 3.2 Koz, from 108.5 Koz in 2013 to 111.7 Koz in 2014.

Revenue decreased by US$10.4 million, from US$151.9 million in 2013 to US$141.5 million in 2014, as a result of lower gold prices. EBITDA increased by US$ 4.0 million, from US$55.1 million in 2013 to US$59.1 million in 2014, due to lower cash costs per ounce.

Total cash costs per ounce decreased by US$66.0 per ounce, from US$771 in 2013 to US$705 per ounce, mainly due to the increased gold output, higher throughput and recovery, as well as lower operating stripping ratio (down 32%).

Taparko cost of sales for 2014 and 2013

	Year ended 31 December (US$000)		Change, US$000	Per cent. change
	2014	2013	2014-2013	
Personnel costs	15,795	17,796	(2,001)	(11.2%)
Materials	9,664	8,498	1,166	13.7%
Fuel and energy	23,441	23,116	325	1.4%
Spare parts	14,775	16,579	(1,804)	(10.9%)
Taxes other than income tax	4,933	5,200	(267)	(5.1%)
External services	4,287	3,547	740	20.9%
Change in obsolete provision	(233)	162	(395)	(243.8%)
Other expenses	10,908	12,911	(2,003)	(15.5%)
Change in finished goods and work-in-	(3,379)	3,482	(6,861)	(197.0%)

process				
Direct mining costs	**80,192**	**91,291**	**(11,099)**	**(12.2%)**
Depreciation and amortisation	31,207	24,469	6,738	27.5%
Cost of sales	**111,398**	**115,760**	**(4,362)**	**(3.8%)**

The personnel costs decreased by US$2.0 million, from US$17.8 million in 2013 to US$15.8 million in 2014 mainly due to reduction of employees.

The cost of materials increased by US$1.2 million, from US$8.5 million in 2013 to US$9.7 million in 2014 mainly due to higher materials consumption rate in mining, metallurgy and pre-treatment.

The cost of fuel and energy increased insignificantly, by US$0.3 million, from US$23.1 million in 2013 to US$23.4 million in 2014, and the cost of spare parts decreased by US$1.8 million, from US$16.6 million in 2013 to US$14.8 million in 2014 mainly due to improving consumption efficiency.

The cost of external services remained broadly the same in 2014 with insignificant increase of US$0.7 million.

There is an insignificant change in obsolescence provision decreased by US$0.4 million, from US$0.2 million in 2013 to income of US$0.2 million in 2014.

Other expenses decreased by US$2.0 million, from US$12.9 million in 2013 to US$10.9 million in 2014.

Depreciation and amortisation expenses increased by US$6.7 million from US$24.5 million in 2013 to US$31.2 million in 2014 mainly due to starting of exploration of previous years capital investment.

In 2014, CFA-denominated costs constituted approximately 40% percent of Taparko's cost of sales with the remaining cost of sales comprising costs denominated mainly in US dollar and Euro.

Taparko total cash costs for 2014 and 2013[1]

	Year ended 31 December		Per cent. change
	2014	**2013**	**2014-2013**
Cost of sales	**111,398**	**115,760**	(3.8%)
(Less)/plus items in income statement:	0		
Depreciation and amortisation	(31,207)	(24,469)	27.5%
Provision for asset retirement of obligations	(11)	(684)	(98.4%)
Allowance for slow-moving and obsolete inventories	(12)	(743)	(98.4%)
Work-in-progress and finished goods fair value adjustment	0	(174)	(100.0%)
Unused vacation	(1,961)	(4,972)	(60.6%)
Employees' bonuses	(983)	(563)	74.6%
Exceptional items	(1,284)	(2,830)	(54.6%)
Change in finished goods (less items above capitalised in finished goods)	0	134	(100.0%)
Revenue of by-products	(749)	(1,339)	(44.1%)
Cost of production	**75,192**	**80,120**	(6.2%)
General and administrative expenses	5,871	4,023	45.9%
(less)/plus items in income statement:	0		
Depreciation and amortisation	(226)	-	100%
Corporate overheads	(1,908)	(715)	166.9%

Allowance for bad debts	0	(3)	(100.0%)
Unused vacation	(44)	(468)	(90.6%)
Employees' bonuses	(250)	(90)	177.8%
Exceptional items	0	-	
Mining administrative expenses	**3,443**	**2,747**	25.3%
Total cash costs	**78,635**	**82,867**	(5.1%)
Total gold produced, Oz (2)	111,355	107,448	3.6%
Total cash cost produced, US$/oz	**705**	**771**	(8.4%)

(1) Total cash cost is a non-IFRS measure. For a description of total cash costs, see "*Presentation of Financial and Other Information—Non-IFRSmeasures—Total cash cost*". Figures for 2012 were recalculated after reclassifications made in 2013. For details see *"Reclassifications"*.

(2) This amount does not include the gold equivalent of silver produced at the mine.

Cash costs per ounce produced in 2014 were 8.4% lower than those in 2013, having decreased from US$771 to US$705.

Lefa

Lefa — KPIs for 2014 and 2013[1]

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	4,199	3,880	8%
Ore milled, kt	6,459	5,826	11%
Head grade, g/t	1.13	1.06	7%
Mill recovery, %	86.8	83.5	3.3 pp
Gold ounces produced (Koz)	205.1	162.7	26%
Gold ounces sold (Koz)	195.7	162.7	20%
Revenue, US$m	247.0	225.7	9%
EBITDA (US$M) [2]	62.6	(13.1)	n.a.
Cash costs/ounce produced (US$/oz) (2)	850	1,398	(39%)

[1] The Group held a 100 per cent interest in Lefa in each of the periods presented.

[2] Not audited. Figures for 2013 were recalculated after reclassifications made in 2014. For details see "Reclassifications".

Ore mined increased by 319 kt, from 3,880 kt in 2013 to 4,199 kt in 2014 following the implementation of the planned turnaround programme. In 2014, ore milled was 6,459 kt, 11% higher compared with 2013 (5,826 kt) supported by stockpiled ore processed.

Overall head grade increased by 7% from 1,06 to 1,13 g/tn with consequently increase of recovery by 3.3pp from 83.5% in 2013 to 86.8% in 2014.

Gold ounces produced increased by 26%, from 162.7Koz in 2013 to 205.1Koz in 2014 due to the improvement of all mining and processing parameters.

Revenue increased by US$21.3million, from US$225.7 million in 2013 to US$247.0 million in 2014, as a result of higher sales volumes which increased by 20%, from 162.7Koz in 2013 to 195.7Koz in 2014. EBITDA increased by US$75.7 million, from US$(13.1) million to US$62.6 million in 2014, due to higher revenue and lower cash costs.

Total cash costs per ounce decreased by US$548.0 per ounce (39%), from US$1,398 per ounce in 2013 to US$ 850 per ounce, mainly due to the above-mentioned factors, supported by savings achieved through lower spare parts, grinding balls, reagents and fuel and energy consumption rate, optimisation of mining and ore pre-treatment equipment repairs, as well as headcount reduction and a reduction in G&A.

Lefa cost of sales for 2014 and 2013

	Year ended 31 December (US$000)		Change, US$000	Per cent. change
	2014	2013	2014-2013	
Personnel costs	30,663	42,163	(11,500)	(27.3%)
Materials	27,766	44,923	(17,157)	(38.2%)
Fuel and energy	47,726	64,074	(16,348)	(25.5%)
Spare parts	20,540	33,889	(13,349)	(39.4%)
Taxes other than income tax	17,161	12,205	4,956	40.6%
External services	10,439	18,239	(7,800)	(42.8%)
Change in obsolete provision	6,133	19,460	(13,327)	(68.5%)
Other expenses	2,683	308	2,375	<100%

Change in finished goods and work-in-process	7,269	8,417	(1,148)	(13.6%)
Direct mining costs	**170,380**	**243,678**	**(73,298)**	**(30.1%)**
Depreciation and amortisation	58,233	68,030	(9,797)	(14.4%)
Cost of sales	**228,612**	**311,708**	**(83,096)**	**(26.7%)**

Personnel costs decreased by US$11.5 amounting to US$30.7 in 2014 mainly due to headcount reduction.

The cost of materials decreased by US$17.1 million, from US$44.9 million in 2013 to US$27.8 million in 2014 due to lower materials consumption rate in mining, metallurgy and pre-treatment.

The decrease of cost of fuel and energy by US$16.4 million, from US$64.1 million in 2013 to US$47.7 million in 2014 is mainly due to mining fleet optimisation and better productivity in processing, while the cost of spare parts decreased by US$13.4 million, from US$33.9 million in 2013 to US$20.5 million in 2014, driven by improved consumption efficiency.

The cost of external services decreased by US$7.8 million, from US$18.2 million in 2013 to US$10.4 million in 2014 mainly due to the limitation of equipment rent, and replace some external services by in-house procedures.

Other expenses increased by US$2.4 million, from US$0.3 million to US$2.7 million.

Depreciation and amortisation expenses decreased by US$9.8 million, from US$68.0 million in 2013 to US$58.2 million in 2014 mainly due to impairments recognised in first half of 2013.

In 2014, Guinean franc-denominated costs constituted approximately 15% percent of total costs with remaining part denominated in US dollar, Euro and others.

Lefa total cash costs for 2014 and 2013[1]

	Year ended 31 December		**Per cent. change**
	2014	**2013**	**2014-2013**
Cost of sales	**228,612**	**311,708**	(26.7%)
(Less)/plus items in income statement:	0		
Depreciation and amortisation	(58,233)	(68,030)	(14.4%)
Provision for asset retirement of obligations	0	-	
Allowance for slow-moving and obsolete inventories	(4.995)	(2,260)	121.0%
Work-in-progress and finished goods fair value adjustment	11,137	(19,461)	(157.2%)
Unused vacation	1	1	0.0%
Employees' bonuses	(3,990)	(2,144)	86.1%
Exceptional items	(3,952)	(2,228)	77.4%
Change in finished goods (less items above capitalised in finished goods)	0	-	
Revenue of by-products	(229)	(255)	(10.2%)
Cost of production	**168,351**	**217,331**	(22.5%)
General and administrative expenses	9,445	10,737	(12.0%)
(less)/plus items in income statement:			
Depreciation and amortisation	(103)		100%
Corporate overheads	(3,086)	(580)	432.1%
Allowance for bad debts			

Unused vacation			
Employees' bonuses	(417)	(224)	86.2%
Exceptional items	0	(85)	100%
Mining administrative expenses	**5,839**	**9,848**	(40.7%)
Total cash costs	**174,191**	**227,179**	(23.3%)
Total gold produced, Oz [(2)]	204,870	162,489	26.1%
Total cash cost produced, US$/oz	**850**	**1,398**	(39.2%)

(1) Total cash cost is a non-IFRS measure. For a description of total cash costs, see "*Presentation of Financial and Other Information—Non-IFRSmeasures—Total cash cost*". Figures for 2012 were recalculated after reclassifications made in 2013. For details see *"Reclassifications"*.

(2) This amount does not include the gold equivalent of silver produced at the mine.

The above-mentioned factors led to decrease of the total cash cost by 39.2%, from US$1,398 per ounce in 2013 to US$850 per ounce in 2014.

Bissa

The Bissa segment comprises the Bissa mine in Burkina Faso.

Bissa — KPIs for 2014 and 2013[1]

Operating Highlights	2014	2013	Change, YoY
Ore mined, kt	3,789	4,536	(16%)
Ore milled, kt	3,756	3,387	11%
Head grade, g/t	2.45	2.67	(8%)
Mill recovery, %	88.9	88.9	0.0 pp
Gold ounces produced (Koz)	250.7	254.3	(1%)
Gold ounces sold (Koz)	250.8	254.3	(1%)
Revenue, US$m	318.2	349.8	(9%)
EBITDA (US$M) [2]	195.9	227.0	(14%)
Cash costs/ounce produced (US$/oz) [2]	448	468	(4%)

(1) The Group consolidated the results of Bissa but held a 90 per cent interest in Bissa in each of the periods presented.

(2) Not audited. Figures for 2013 were recalculated after reclassifications made in 2014. For details see "Reclassifications".

Ore mined decreased by 747 kt to 3,789 kt due to the changes in mining plan. Accordingly ore milled decreased by 369 kt, from 3,387 kt in 2013 to 3,756 kt in 2014.

Average head grade of ore milled declined by 0.2 g/t to 2.5 g/t but 17% higher than anticipated in the business plan at the beginning of 2014 (2.10 g/t) due to a positive reconciliation of Bissa geological models.

Gold ounces produced and gold ounces sold in 2014 decreased by 1% and amounted to 250.7Koz and 250.8Koz accordingly.

Revenue decreased by 9% from US$349.8 million in 2013 to US$318.2 million in 2014, as a result of lower gold prices. EBITDA decreased by 14% from US$227.0 million 2013 to US$195.9 million in 2014, due to lower gold prices and revenue.

Cash costs per ounce produced in 2014 decreased by 4% - from $468 in 2013 to US$448 per ounce in 2014 due to higher ore processed volumes and lower stripping ratio (down 13% to 4.48 tn/tn).

Bissa cost of sales for 2014 and 2013

	Year ended 31 December (US$000)		Change, US$000	Per cent. change
	2014	2013	2014-2013	
Personnel costs	10,748	10,926	(178)	(1.6%)
Materials	10,810	11,580	(770)	(6.6%)
Fuel and energy	42,651	46,252	(3,601)	(7.8%)
Spare parts	12,243	10,786	1,457	13.5%
Taxes other than income tax	15,910	18,430	(2,520)	(13.7%)
External services	12,857	13,065	(208)	(1.6%)
Change in obsolete provision	0	0	0	0.0%
Other expenses	13,312	22,623	(9,311)	(41.2%)
Change in finished goods and work-in-process	(8,659)	(14,820)	6,161	(41.6%)
Direct mining costs	**109,873**	**118,842**	**(8,969)**	**(7.5%)**

Depreciation and amortisation	50,491	40,768	9,723	23.8%
Cost of sales	**160,365**	**159,610**	**755**	**0.5%**

Personnel costs decreased by US$0.2 million amounting to US$10.7 million in 2014.

The cost of materials decreased by US$0.8 million, from US$11.6 million in 2013 to US$10.8 million in 2014 due to the improved consumption efficiency.

The decrease of cost of fuel and energy by US$3.6 million, from US$46.3 million in 2013 to US$42.7 million in 2014, is mainly explained by lower energy cost related to the heavy fuel oil farm commissioned in Q2 2014.

The cost of spare parts increased by US$1.4 million, from US$10.8 million in 2013 to US$12.2 million in 2014.

The cost of external services decreased by US$0.2 million, from US$13.1 million in 2013 to US$12.9 million in 2014 mainly due to lower cost of external labour force.

Other expenses decreased by US$9.3 million, resulting in expense of US$13.3 million in 2014.

Depreciation and amortisation expenses increased by US$9.7 million, from US$40.8 million in 2013 to US$50.5 million in 2014 mainly due to starting of exploration of previous years capital investment.

In 2014, Burkina Faso franc-denominated costs constituted approximately 40% percent of total costs with remaining part denominated in US dollar, Euro and others.

Bissa total cash costs for 2014 and 2013[1]

	Year ended 31 December		**Per cent. change**
	2014	**2013**	**2014-2013**
Cost of sales	**160,365**	**159,610**	0.5%
(Less)/plus items in income statement:	0		
Depreciation and amortisation	(50,491)	(40,767)	23.8%
Unused vacation	(309)	(538)	(42.6%)
Employees' bonuses	(755)	(381)	98.2%
Exceptional items	(743)	(1,783)	(58.3%)
Change in finished goods (less items above capitalised in finished goods)	0	(54)	(100.0%)
Revenue of by-products	(303)	(185)	63.8%
Cost of production	**107,763**	**115,902**	(7.0%)
General and administrative expenses	5,949	4,072	46.1%
(less)/plus items in income statement:			
Depreciation and amortisation	(630)	-	100%
Corporate overheads	(683)	(735)	(80.8%)
Allowance for bad debts			
Unused vacation	(38)	(198)	(80.8%)
Employees' bonuses	(235)	(29)	710.3%
Exceptional items			
Mining administrative expenses	**4,363**	**3,110**	40.3%
Total cash costs	**112,126**	**119,012**	(5.8%)

Total gold produced, Oz [2]	250,466	254,122	(1.4%)
Total cash cost produced, US$/oz	**448**	**468**	(4.3%_

(1) Total cash cost is a non-IFRS measure. For a description of total cash costs, see "*Presentation of Financial and Other Information—Non-IFRS measures—Total cash cost*". Figures for 2012 were recalculated after reclassifications made in 2013. For details see *"Reclassifications"*.

(2) This amount does not include the gold equivalent of silver produced at the mine.

Cash costs per ounce produced in 2014 were 4.3% lower compared to 2013 level - from US$468 in 2013 to US$448 per ounce in 2014.

Liquidity and Capital Resources

Cash resources

Nordgold manages liquidity risk with the objective of ensuring that funds will be available at all times to meet all cash flow obligations as they become due by preparing annual budgets, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Nordgold believes it is possible to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to finance Nordgold's working capital needs and to finance a substantial portion of its planned growth and to fund development activities. Having a strong balance sheet with low leverage and an acceptable level of debt, Nordgold believes it is able to raise the funding required to finance its planned growth and development activities in full.

As of December 31, 2014 Nordgold's total debt was US$944.4 million, US$23.6 million lower than at December 31, 2013 (US$968.0 million).

The Company's net debt position at December 31, 2014 was US$627.4 million, US$97.4 million lower than net debt at December 31, 2013 (US$723.9 million).

Net debt/LTM EBITDA was 1.3x at the end of December 2014, which is significantly below our covenant level of 3.0x net debt/LTM EBITDA.

Net cash/(debt) of the Group for 2014 and 2013

	Year ended 31 December (US$000)		Change, US$000	Per cent. change
	2014	**2013**	**2014-2013**	
Cash and cash equivalents	127,692	244,042	(116,350)	(48%)
Short-term deposits excluding interest	189,256	-	189,256	100%
Third party short-term debt	(4,851)	(326,678)	321,827	(99%)
Third party long-term debt	(939,531)	(641,279)	(298,252)	47%
Net (debt)/cash	**(627,434)**	**(723,915)**	**96,481**	**(13%)**

For cash flow presentation purposes we treated short term deposits on demand as cash and cash equivalents.

Cash Flows From Operating Activities

	Year ended 31 December	
	2014	**2013**
Operating activities		
Profit/(loss) for the year	**122,967**	**(199,027)**
Adjustments:		
Finance income	(8,139)	(18,275)
Finance costs	109,118	69,414
Income tax (benefit)/expense	59,944	(70,349)
Depreciation and amortisation	201,780	226,902
Impairment of non-current assets	24,136	363,521
Net loss from joint ventures	2,909	1,152
Impairment of work-in-progress	-	22,813
Loss on disposal of property, plant and equipment	794	2,166
Provision for obsolete and write off of inventories	18,071	905
Provisions for doubtful receivables and other provisions	(3,056)	(7,999)
	528,524	**391,223**
Changes in operating assets and liabilities:		
Accounts receivable	1,884	15,126
Inventories	(36,936)	(3,579)
VAT receivable	(9,230)	804
Accounts payable	(16,436)	7,826
Other changes in operating assets and liabilities, net	1,408	(14,343)
Cash flows from operations	**469,214**	**397,057**
Interest paid	(53,953)	(52,165)
Income tax paid	(87,231)	(34,182)
Cash generated from operating activities	**328,030**	**310,710**

The Company continues to pay close attention to its liquidity position and to optimise cash flow in order to maximise shareholder value. In 2014, all Nordgold's nine mines delivered positive free cash flow through cost, working capital and capex optimisation. Nordgold plans to use the cash generated for capital expenditures, organic debt reduction and dividend distributions. We are pleased to report that despite the volatile gold price, Nordgold's cash flows from operating activities (after interest and income tax paid) in 2014 were at US$328.0 million, a 6% higher than US$310.7 million reported in 2013.

In 2014, the Bissa mine remained the main cash-generating asset with US$137.8 million of operating cash flow.

Cash Flows From/(Used In) Financing Activities

	Year ended 31 December	
	2014	**2013**
Financing activities		
Proceeds from borrowings	500,234	579,695
Repayment of borrowings	(520,935)	(347,893)
Acquisition of non-controlling interest in subsidiary	-	(24,040)
Finance and equity transaction costs paid	(7,500)	(8,324)
Dividends paid	(40,795)	(70,830)
Other movements	(1,816)	(958)
Cash generated from financing activities	**(70,812)**	**127,650**

Nordgold generated positive free cash flow of US$180.7 million in 2014 and increased cash and cash equivalents to US$317.1 million as of December 31, 2014. In 2015, we will continue to focus on our strategy to operate with positive free cash flow at all our producing units through further improvement of our operational efficiency and optimisation of working capital.

Cash Used in Investing Activities

	Year ended 31 December	
	2014	2013
Investing activities		
Acquisition of property, plant and equipment	(115,175)	(162,334)
Acquisition of exploration and evaluation assets	(32,529)	(85,181)
Placement of short-term deposits	(189,000)	-
Investment into long-term financial asset	(19,519)	(5,733)
Proceeds from disposal of financial investments	-	19,133
Other movements	(433)	3,468
Cash used in investing activities	**(356,656)**	**(230,647)**

Cash flows used in investing activities for 2014 amounted to US$356.7 million compared to US$230.6 million in 2013 mainly due to capex related cash outflow and interests paid.

Contractual Obligations and Commitments

Contractual maturities of Nordgold's financial liabilities, including interest payments and excluding the impact of netting agreements, as at December 31, 2014

	Carrying amount	Future contractual cash flows	Less than 1 year	1-2 years	2-5 years	After 5 years
Non-derivative financial liabilities						
Notes and bonds issued	450,000	(549,960)	(16,280)	(42,840)	(490,840)	
Bank and other credit organisations financing	500,000	(545,758)	(15,916)	(139,921)	(398,921)	
Trade and other payables	160,507	(161,361)	(150,198)	(1,711)	(3,678)	(5,774)
Total	**1,110,507**	**(1,257,079)**	**(182,394)**	**(184,472)**	**(884,439)**	**(5,774)**

Capital Expenditure Commitments

At present Nordgold's existing assets are almost fully funded and in future periods will, therefore, require only maintenance capital.

Nordgold has entered into certain capital commitments and contractual obligations in respect of future capital expenditures Sources of funding required to meet the commitments will be Nordgold's cash flows, including financing cash flows.

As of 31 December 2014, the Group's contractual capital commitments amounted to US$11.2 million (31 December 2013: US$18.3 million).

Financial Liabilities

Short-term liabilities

	Year ended 31 December	
	2014	**2013**
Bank loans	-	301,015
Derivative financial instruments	-	20,749
Accrued interest	4,851	5,602
Unamortised balance of transaction costs	-	(688)
Total	**4,851**	**326,678**

The decrease in short-term borrowings as of 31 December 2014 was due to re-financing of Sberbank loans received in 2012.

As of 31 December 2013, derivative financial instruments were represented by the cross-currency swaps held by the Group for hedging of currency and interest rate risks attributable to the Sberbank loan facilities received in 2012. In 2014, the cross-currency swaps were disposed due to re-financing of Sberbank loans received in 2012.

Long-term liabilities

	Year ended 31 December	
	2014	**2013**
Notes and bonds issued	450,000	500,000
Bank loans	500,000	132,591
Derivative financial instruments	-	13,954
Unamortised balance of transaction costs	(10,469)	(5,266)
Total	**939,531**	**641,279**

Bank Loans

In Q1 2014, Nordgold entered into a 5-year facility agreement with Sberbank CIB 10 for the amount of US$500 million. The proceeds from the facility were partially used to repay Nordgold's existing debt facilities, with the balance being used for general corporate purposes. The refinancing helped us to reduce our cost of debt and improve our liquidity position and debt profile, decreasing short-term debt to almost zero, with the first debt repayment due to be made in 2016.

Notes Issued

In May 2013, the Company issued US$500 million unsecured notes. The notes are denominated in US Dollars, mature in May 2018, and bear interest of 6.375% per annum payable semi-annually in May and November, commencing November 2013. The notes are unconditionally and irrevocably guaranteed by certain Group's subsidiaries. During 2014 the Company repurchased US$50 million of such notes in the open-market for the total consideration of US$46.4 million, resulting in the recognition of a gain of US$3.6 million, which has been included in the finance income.

During 2014 the Company has repurchased its Eurobonds in the open-market in an aggregate principle in the amount of 50,000 for a nominal value of US$50 million. As of December 15, 2014, an aggregate 450,000 Notes remained in the open-market at an aggregate nominal value of US$450 million.

Capital Expenditure

We remain focused on keeping a tight control over capex. 2014 capex decreased by 34% YoY to US$157.8 million including US$29.9 million for exploration and evaluation (down 68% YoY), US$110.2 million for maintenance and capitalised stripping (up 13.8%), US$21.6 million for development and new technology (up 85.8%) and US$0.5 million for mine construction (down from US$50.4 million in 2013).

Exploration and evaluation capital expenditure

	Year ended 31 December			
	2014		2013	
Neryungri	Gross, Yuzhno-Uguyskaya field, Tabornoe	1,508	Yuzhno-Uguyskaya field	18,174
Aprelkovo	Pogromnoe	500	Pogromnoe	598
Suzdal and Balazhal	Suzdal, Balazhal	993	Suzdal, Zherek, Balazhal, Kentau	1,680
Buryatzoloto	Irokinda and Zun-Holba, others	7,004	Irokinda and Zun-Holba, others	14,579
Berezitovy	Berezitovy, Sergachinsky	553	Berezitovy, Sergachinsky	2,531
Taparko	Taparko	1,622	Taparko	3,435
Lefa	LEFA	3,955	LEFA	9,443
Bissa	Bissa	3,811	Bissa	2,279
Burkina Faso greenfields	Varios	9,173	Varios	14,023
Russian Greenfields	Uryakhskoye field, Nerchinskaya field	863	Uryakhskoye field	12,952
	Others	-	Others	1,686
Total exploration and evaluation		**29,982**		**81,362**

Safety, facilities balancing, replacement of equipment, expansion capital expenditure, capitalised stripping and mine construction expenditure

	Year ended 31 December	
	2014	2013
Capital expenditure on safety, facilities and replacement of equipment		
Neryungri	596	-
Aprelkovo	1,920	1,821
Suzdal and Balazhal	4,974	3,905
Buryatzoloto (Irokinda and Zun-Holba)	8,395	13,381
Berezitovy	4,819	2,400
Taparko	5,354	14,249
Lefa	17,074	14,099
Bissa	12,234	10,274
Burkina Faso greenfields		-
Unallocated items and consolidation adjustment	317	(1,279)
Total safety, facilities balancing and replacement of equipment capital expenditures	**55,683**	**58,850**

Capital expenditure on development / new technology		
Neryungri	313	-
Aprelkovo	-	-
Suzdal and Balazhal	368	5,230
Buryatzoloto	-	748
Berezitovy	-	458
Taparko	-	-
Lefa	4,248	1,255
Unallocated items	16,698	3,934
Total expansion capital expenditures	**21,626**	**11,625**
Capitalised stripping		
Suzdal and Balazhal	1,271	3,365
Buryatzoloto (Irokinda and Zun-Holba)	4,618	5,779
Berezitovy	8,042	2,609
Taparko	13,503	19,754
Lefa	21,814	1,625
Bissa (Bissa mine)	5,235	2,458
Total capitalised stripping expenditures	**54,484**	**35,590**
Capital expenditure on mine construction		
Neryungri (Gross)	465	33,879
Bissa	0	16,454
Total mine construction capital expenditures	**465**	**50,333**
Total capital expenditures (including exploration and evaluation)	**157,836**	**237,760**

Budgeted capital expenditure, year ending 31 December 2015

	Exploration and evaluation	**Capital expenditure on development / new technology**	**Safety, facilities balancing and replacement of equipment**	**Mine construction**
Neryungri	2,564		10,490	8,645
Aprelkovo	286		1,784	
Suzdal and Balazhal	1,500	7,644	12,296	
Buryatzoloto	18,131		7,198	
Berezitovy	2,204		23,502	
Taparko	3,850		30,710	
Lefa	4,100	7,617	43,867	
Bissa	3,104		16,183	96,050
African Greenfields	8,750			
Nordgold Management		1,181	1,835	
Other projects				
Total budgeted capital expenditure	**44,489**	**16,448**	**147,865**	**104,695**

Nordgold expects FY 2015 capex of approximately US$300 million, including US$95 million for Bouly mine construction (subject to the feasibility study approval) and US$1 million for Gross project development, as well as investments in exploration, development, maintenance and capitalised stripping.

Neryungri

The Group plans to spend approximately US$2.6 million for exploration works related to Yuzhno-Uguyskaya field and Tabornoe. Approximately US$8.6 million is planned for further construction of Gross. The Group planned to spend approximately US$10.5 million on various projects on safety, facilities balancing and replacement of equipment and capitalised stripping..

Aprelkovo

Capital expenditures in exploration planned in on Aprelkovo will amount of US$0.3 million and US$1.8 million for various projects on safety, facility balancing and replacement of equipment.

Suzdal and Balazhal

Budgeted capital expenditures for Suzdal and Balazhal for 2015 include US$1.5 million for exploration works, US$7.6 million for mine development and US$12.3 million for mine, plant and infrastructure modernisation.

Buryatzoloto

In FY 2015 the Group is planning to invest US$18.1 million in exploration and evaluation works at Irokinda and Zun-Holba, US$7.2 million are planned for safety and replacement of equipment.

Berezitovy

The Group is planning to spend approximately US$2.2 million on exploration in 2015. The Group plans to spend approximately US$23.5 million on various projects and equipment for safety and facilities balancing.

Taparko

The Group is planning to invest US$3.9 million on satellites exploration and deep-level drilling on Taparko. Approximately US$30.7 million is planned on various projects and equipment for safety and facilities balancing.

Lefa

The Group is planning to invest US$4.1 million on near mine exploration at Lefa. Investment in FY 2015 will also include US$7.6 of capital expenditure and US$43.9 million for various projects and equipment for safety and facilities balancing.

Bissa

The Group is planning to spend US$3.1 million in 2015 on exploration works on Bissa, including infill drilling and deep levels check out. The Group plans to spend approximately US$16.2 million on various projects and equipment for safety and facilities balancing and US$96.1 for mine construction.

African greenfields and Russian greenfields

The Group expects to invest US$8.8 million in 2015 in further exploration and evaluation of African greenfields. The main projects are: Yargo, Sakou, Zandkom II, Yimiougou, Noungou.

Nordgold Management

The Group plans to invest US$1.2 million in development and new technology and US$1.8 million for projects in safety, facilities balancing and replacement of equipment.

Business System of Nordgold

BSN Overview

We strive to increase operational efficiency and implement best-in-class sustainable processes, which remain the motivation for us to roll out BSN (Business system of Nordgold) starting from the middle of 2012.

BSN is an umbrella brand, which consolidates projects aimed at increasing operational efficiency and developing people. It promotes horizontal and vertical communication, endorsing unification and the process of best practices sharing between all mines. BSN works closely with Operational, HR, Financial and Purchasing teams, providing methodological, analytical and project management support.

BSN is based on the project approach with the further transmission to the owners of processes.

The first stage of BSN implementation was completed at all mines in 2013 with active involvement in each function and driving process by joint production and project office teams of navigators with active involvement of consulting companies like MC Kinsey, BCG and Proudfoot.

In 2014 Nordgold started the process of transferring the projects to line managers, reducing the number of navigators and conducting trainings for management. That is the key part of BSN – to start project, provide methodological support, train line managers and then move the projects to management teams.

BSN puts more responsibility on managers: employees responsible for BSN implementation will be responsible for best practice sharing, addition of projects to the bank of ideas, new projects start and training, while BSN itself will be involved more in support and training rather than in implementation.

We rolled out BSN wave-by-wave, which enables us to implement new ideas from other mines back on the mines. Now all Nordgold mines are involved into efficiency improvement and exchange best practices actively.

Defined Key Development Areas, Goals and Actions Made

As an umbrella brand, BSN is involved into 5 areas of improvement:

- BSS (Business System of Severstal) - implementation of tools according to Severstal methodology, set of projects aimed at structural transformation. The expected structural effect is about 2% on EBITDA.
- OPS (operational productivity system), which implies the adoption of production program and the best operational practices, along with forecasting and planning. Key projects of this module are: GTS (Global Technology System) leveraging, Availability and Utilization increase programs, Investment projects management, Debottleneck modeling and others. In 2014, the effect (together with the Costs reduction project) totaled about US$ 64 mn.
- Costs reduction, including overheads, headcount and reduction, “TOP-20 materials” project, outsourcing/insourcing analysis and reducing consumption rates in mining and milling areas. In 2014, the effect (together with the OPS project) totaled about US$ 64 mn
- HSE (Health, Safety, Environment) - according to our values, is considered the priority module, the purpose of which is achieving 0 fatalities rate, the best-industry rate of LTI. Within BSN, we stimulate structural and systematical changes, such as sharing the best practice, benchmarking, and consolidation of results.
- SAP implementation for standartising key processes. For 2014, we planned to start-up SAP in time and in budget across all Nordgold mines.

Key Projects Description

Key projects in production – focus on debottlenecking and recovery improvement:

Region	Project summary	Effect, 000' US$
West Africa	Lefa: improvement of availability ration for loaders and trucks (PCR program, new fleet of trucks, stocks redesign, improvement of pit practices - WENCO, control over downtimes, conducting time studies.	13,628
	Taparko: improvements on crushing circuit to keep throughput with harder ore coming from the pits	2,060
	Bissa: installation and pebble crusher to improve throughput and construction of oxygen plant to increase recovery of refractory ore in 2015	3,695
Russian open pits	Neryungri: recovery increase due to number of actions aimed at increasing coal activity and desorption productivity	495
	Aprelkovo: recovery improvement due to progress initiatives in agglomeration process and test works of "magic solution"	682
	Berezitovy: decrease of mill maintenance time and improvement of mill availability during shutdown in Apr 2015	746
Underground mines	Zun-Holba: reduction of losses - processing of wood that contains gold (from stockpile and from the mine)	1,389
	Irokinda: debottlenecking of the processing plant through reconstruction of crushing circuit and addition of flotation equipment	860
	Suzdal: CAPEX project on reconstruction of flotation circuit and implementation of hot cyanidation project	2,257

Key projects in costs – focus headcount reduction and optimisation of consumption rates in mining:

Region	Project summary	Effect, 000' US$
West Africa	Lefa: improvement of consumption of HFO in power house due to implementation of CAPEX initiatives and better quality of maintenance	1,950
	Lefa: optimisation of 95 local employees and 5 expatriates with a security department as a key driver	2,996
	Taparko: reduction of LFO share in power generation due to installation of HFO genset	1,820
	Bissa: headcount reduction	1,400
Russian open pits	Neryungri: optimal balancing of trucks/loading fleet to reduce transportation costs	310
	Aprelkovo: optimisation of the organizational structure (3 levels) and gensetpersonnel	873
	Berezitovy: focus on reduction of consumption rates in drill and blast through blasting efficiency increase (bigger blasts, better usage of emulsion)	217
Underground mines	Zun-Holba: headcount reduction	200

	Irokinda: construction of best issuing points in the shafts	182
	Suzdal: reduction of blasting materials and in-house preparation of the blasting materials	101

Top BSN Achievements in 2014, Brief Plans for the Upcoming Year

Nordgold set a number of key BSN priorities for 2014:

- Running the Corporate umbrella projects (Lean Academy / training, Benchmarking, Idea of the month, SAP, KPIs, Strategic Business Planning and Business Planning;
- Reinforcing/improving operations at underground mines;
- Continuing Lefa turnaround with more structural approach with focus on mining, mobile maintenance and training areas;
- OEE (overall efficiency of equipment) project;
- Providing support to mining engineers/resource geologist in mine modeling, dilution control and reconciliation;
- Fuel GTS to reduce consumption of fuel and save costs on energy
- Stock reduction project (together with Visagio consultants)

In 2014, the effect from BSN became an integral part of our KPIs. With total effect of US $ 55.7 mn on EBITDA, the amount of US $ 47.1 was included into business plan via reduced consumption rates or decrease of functional budgets.

In order to achieve the set goals, in 2014 we focused on cost reduction (personnel costs, logistic costs, fuel costs and others): the effect of US $ 35,9 mn was gained from cost side, while the volume side allowed to achieve only the amount of US $ 11,2 mn.

Vast part of the total effect ($26.0 mn) was achieved due to BSN implementation on the Lefa mine.

Nordgold implemented a range of on-site projects in 2014:

- Lefa: fuel price reduction, processing improvement (reagents, oil in power house, transportation costs cut), significant reduction of SG&A costs -total effect of US $21.6 mn.
- Bissa: Recovery improvement initiatives, savings on LFO in power house ahead the plan - total effect of US $10.3 mn.
- Taparko: mining improvement (parking the fleet, shortening distances, fuel savings), recovery increase with drop of reagent consumption - total effect of US $6.7 mn.
- Neryungri: balancing of equipment, parking of excessive fleet, reduction of USD/tk, increase of recovery and plant productivity, headcount reduction - total effect of US $6.9 mn.
- Aprelkovo: mobile maintenance costs improvement, recovery improvement initiatives, improvement in drill and blast area - total effect of US $6.8 mn.
- Berezitovy: reduction of downtimes in milling, plant productivity increase, blast efficiency improvement, auxiliary fleet reduction - total effect of US $5.0 mn.
- BuryatZoloto: recovery gold from timber chips, tails reconstruction, dilution control, recovery increase - total effect of US $4.2 mn;
- Suzdal: tires usage improvement, recovery of gold contained in coal, insourcing of laboratory services - total effect of US $2.3 mn.

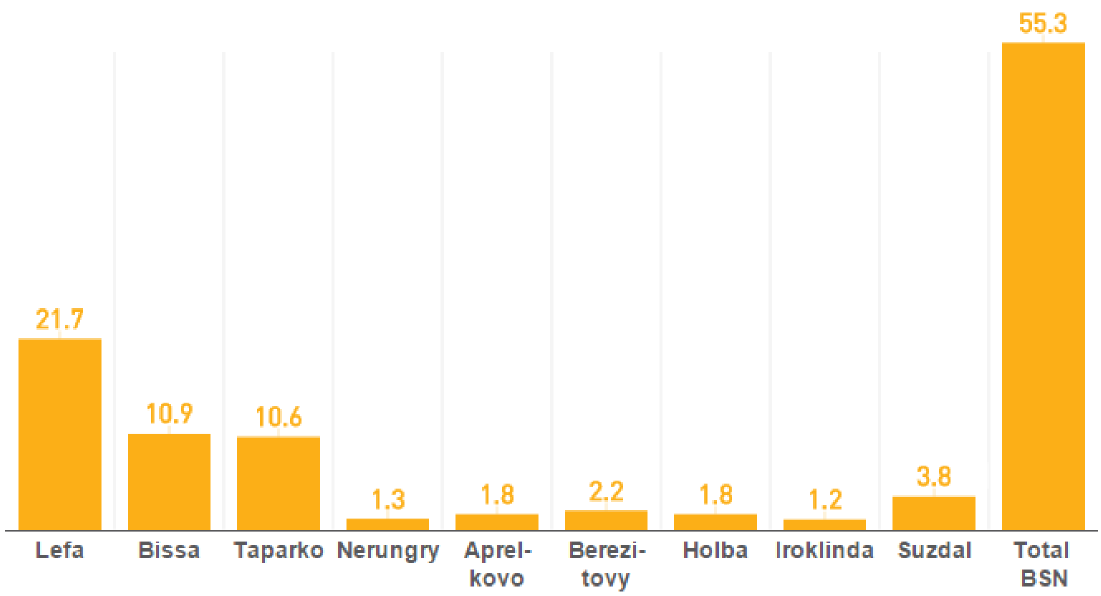
2014 results of BSN implementation by mine, KUS$

Site	BP-2014	Add. Target	Act. 2014	Act. VS BP
Buryatzoloto, incl.:	2,116		4,228	100%
Holba	798		3,157	296%
Irokinda	1,318		1,071	(19%)
Bissa	8,959		10,288	15%
Taparko	5,404		6,717	24%
Lefa	19,017	7,000	21,597	14%

Nordgold Management	1,913	639	6,893	260%
Berezitovy	2,482		5,044	103%
Aprelkovo	6,201		6,842	10%
Suzdal	1,038	900	2,341	126%
Total	**47,130**	**8,539**	**63,950**	**36%**

In 2015, we are planning to reach the effect of US $55.3 on EBITDA, included into business plan. In order to achieve this, we will focus on systematic transformation tools, such as increasing the productivity of mines, training, technological re-equipment.

Proposed effect of BSN project in 2015, US$mn



Our plans also include:

- Further implementation of the inner benchmarking project.
- Launching the Fuel project to decrease the amount of consumed fuel.
- Further implementation of OEE project, which involves the analysis of downtimes and their causes, based on the obtained data and develop the strategy in order to increase equipment operating time.
- Introduction of the rehabilitation plan at the Aprelkovo mine.

BSN Projects as the Matter of Sustainable Development

One of the most important goals for BSN program is to provide sustainable development at all our mines, especially at West African assets.

We are actively involved into development of solutions for usage of solar energy at our West African mines. The goal is to reduce energy cost through partial replacement of conventional generation with solar. It will allow us to benefit from specific features of the climate we work in. In order to avoid CAPEX, we aim at PPA (Power Purchase Agreement) under which subcontractor builds and operates solar plant on his own and we pay for energy generated. The rates are supposed to be lower than our current generation cost. That will allow us not to use HFO / LFO generators and power plants and to switch to solar heating technics.

We are considering the option of using bio fuel mining equipment at our new mine in French Guiana - analysis of benefits is under development. We can switch from LFO trucks (usually with very bad quality of fuel) to biodiesel trucks with very low impact on environment. Nordgold is currently in the process of negotiations with our key OEM supplier on this topic.

We successfully implemented the project on supply of energy efficient lamps for all our mines. We actively use solar panels in West Africa to heat the water for the camps and to light the roads in Siberia.

We do not buy water in West Africa and actively clean the water from our lakes to feed all employees. This project has cost advantages and allows us not to buy water and use our resources.

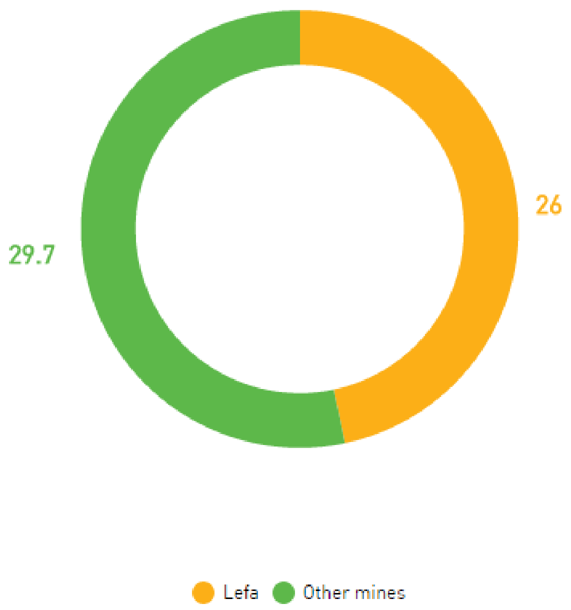
Lefa Case: Impressive Turnaround

Lefa is Nordgold's open pit mine in Guinea which began commercial production at 2008 and was acquired by Nordgold in 2010.

In 2014 Nordgold successfully conducted turnaround program at the Lefa mine.

The results of implementing Lefa turnaround program (US $26.0 mn) significantly contributed to the BSN total effect on EBITDA in 2014 (US $55.7 mn).

BSN effect on EBITDA, US $mn



Due to the development of all mining and processing parameters, Lefa achieved significant improvements in its performance, such as:

- increase of gold output by 26% YoY to 205.1 koz;
- decrease of run of mine by 24% YoY to 18,144 kt;
- increase of volumes of ore mined by 8% to 4,199 kt;
- decrease of average stripping ratio by 36% to 3.32 tn/tn;
- decrease of TCC by 39%, to 850US$/oz;
- decrease of AISC by 30% to 1,133 US$/oz.

We delivered this impressive production performance at low cost, without compromising on our commitment to safety. This sustainable improvement illustrates our ability to drive performance across the entire portfolio.

Key drivers of Lefa's impressive results were as follows:

- **Personnel cost optimisation.** We analyzed and changed our organizational structure, significantly optimised overtimes, cancelled excessive allowances (which was not prescribed by law), reduced headcount and additional costs, such as costs for charter and international flights.

  One of the most notable tool for reducing costs was our medical project (including insourcing of medical support for local employees and dependents, changes in medical evacuation policies and reimbursement of incurred costs from providers), which helped us to save about $US 2,2 mn between

2013 & 2014.

- **Fuel costs optimisation**. We negotiated significant discounts of LFO, HFO and lube oil.

- **Reagent regime.** We implemented cyanide analyzer and developed control systems.

- **Life of tires.** We implemented tire management software, started maintenance of tires and training of mechanics and covered haul roads with crushed material.

We plan to continue operational efficiency improvement of Lefa in 2015, focusing our key activities on:

- Development of mining / maintenance systems.
- Training of operators.
- Accurate planning to reduce overstock.
- Follow up on cost reduction initiatives (next slides).
- Improvement of overall efficiency of equipment (OEE).
- SG&A reduction initiatives.

Respect for People

HR Management System

Nordgold strives to be an employer of choice, offering a healthy corporate culture, competitive remuneration, extensive professional development opportunities, and a positive work environment.

Uniting our diverse workforce, located thousands of miles apart, in achieving common goals and shared success while fostering talent and creating professional growth opportunities, is the focal point of the Group's HR policy. Our activities in the field of HR management, both at headquarters and in all business units, are based on the following purposes:

- Performance focus.
- Drive for efficiency and productivity.
- Building and retaining talent.
- Cultural integration.

HR management approach

One of the things that sets Nordgold apart is the emphasis we place on our people. Employees are the most important asset we have in the company. We recognise that value is created by, above all, the professionalism and dedication of our team – the efforts of our more than 8,500-strong workforce which are at the core of our success.

Nordgold unites its workforce around the values of respect for people, safety, professionalism and efficiency, trust and collaboration. Together we strive to build the culture that promotes high ethical standards, open dialogue, teamwork and engagement of all employees.

As employees contribute to the growth and development of the company, Nordgold, in its turn, contributes to the growth and development of its people. Nordgold provides competitive compensation to ensure a good quality of life for the employees and their families. Nordgold remuneration systems have a strong performance focus to allow those who deliver excellent results receive outstanding rewards.

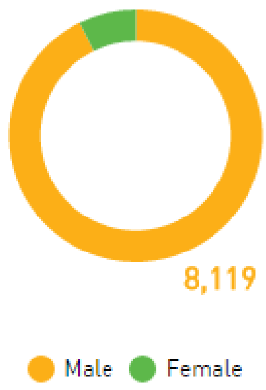
We invest in the development of our employees in order to maximise our human capital and ensure sustainability of our business in the long term. As a result of training and development offered by Nordgold our employees obtain the appropriate skills required to do the work well and realise career opportunities that arise. The skills and knowledge acquired by employees through training or experience increase the returns to Nordgold but also increase the value of our people in the marketplace. We promote our people via talent management programmes in place ensuring business continuity, but also helping employees build their careers.

Nordgold upholds the labour rights of employees and sets company HR policies to ensure fair and equitable treatment.

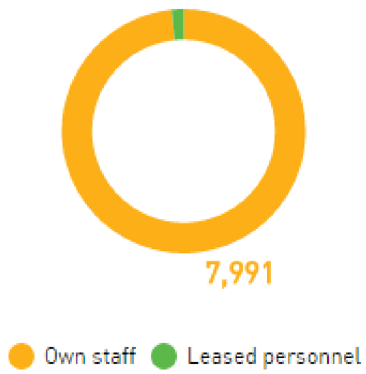
Our People in Numbers

At the end of 2014, Nordgold employed 8 757 people. Total amount of employee wages and benefits in 2014 constituted US$234,834 thousands (including total salary, taxes, personnel related expenses).

Numbers of employee by gender



Numbers of employee by contract



Number of employees by BUs, 2012-2014[1]

Business units	2014			2013	2012
	Male	**Female**	**Male + Female**		
Nordgold management	54	36	90	118	105
Aprelkovo	505	50	555	679	679
Neryungri	671	65	736	865	897
Suzdal	901	99	1,000	1,052	1,234
Buryatzoloto	2,606	223	2,829	3,183	3,241
Berezitovy	895	69	964	1,094	1,164
Taparko	792	30	822	866	869
Lefa	1,433	42	1,475	1,852	2,094
Bissa	197	20	217	278	86
Other	65	5	70	194	177
Total	8,119	638	8,757	10,181	10,546

[1] There are no significant variations in employment numbers due to seasonal and similar factors.

Standard entry level wage compared to local minimum wage by significant locations of operation

Region	2014	
	Minimum wage, US$	**Local minimum wage, US$**
Russia Chita Region - Aprelkovo (men)	402	145
Russia Chita Region - Aprelkovo (women)	496	145
Russia Republic of Yakutia - Neryungri (men)	555	326
Russia Republic of Yakutia - Neryungri (women)	575	326
Russia Amur region - Berezitovy (men)	440	156
Russia Amur region - Berezitovy (women)	589	156
Russia Republic of Buryatia - Buryatzoloto (men)	159	145
Russia Republic of Buryatia - Buryatzoloto (women)	166	145
Kazakhstan - Suzdal(men)	336	111
Kazakhstan - Suzdal(women)	336	111
Guinea - Lefa (men)	468	62
Guinea - Lefa (women)	468	62

Burkina Faso - Taparko(men)	542	62
Burkina Faso - Taparko (women)	521	62
Burkina Faso - Bissa (men)	512	62
Burkina Faso - Bissa (women)	540	62

The percentage of total employees covered by collective bargaining agreements is 36%, which includes employees at Taparko, Lefa and Suzdal. In Russia Nordgold employees do not form labour unions, although they have a legal right to do so. Any questions are discussed by employees directly with the Business Unit line management and HR specialists at monthly meetings attended by all staff on site. Channels of direct communications at Business Unit level and with Headquarters are available to all Nordgold employees.

New Hires and Employee Movement

	Total Vacancies filled	Including	
		Internal Transfers	External Hires
Aprelkovo	117	14	103
Berezitovy	172	39	133
Neryungry	155	13	142
Kholba	541	142	399
Irokinda	591	146	445
Suzdal	145	53	92
Headquarters	21	2	19
Bissa	128	0	128
Lefa expats	46	3	43
Taparko	22	2	20
Total	**1,938**	**414**	**1,524**

Employee turnover by region

	2013		2014	
	Total	Incl. Undesirable	Total	Incl. Undesirable
Average Turnover Africa BUs	5%	1%	15%	2%
Average Turnover Russia BUs	32%	24%	31%	19%
Turnover Kazakhstan	20%	7%	11%	7%
Undesirable Turnover		15.4%		12.5%

HR Agenda

We focus our efforts on the following priorities in HR:

- **Implementing performance management** (setting appropriate performance targets and performance indicators, with relevant reward mechanisms to incentivise quality performance at all levels).
- **Enhancing organisational efficiency** (ensuring that our organisational structures are flat, division of functions is clear, distribution of responsibility is free of duplication) and Enhancing HR function (streamlining and improving quality of HR services; optimising transactional HR operations).
- **Managing talent** to support current and future business requirements (ensuring that all personnel at all levels meet set competency standards, high potentials are identified, trained and promoted, succession plans are in place, critical skills sets are developed).
- **Building unified corporate culture** (providing for employee attraction, retention and engagement as well as value-driven behaviour).

Performance Management

Nordgold has a strong performance culture. It finds its manifestation in standard operational processes, such as Cost Dialogues, Quarterly Operational Reviews and others. Additionally, there is a function in Nordgold organisation solely dedicated to continuous improvement, which is a driving force behind streamlining operational processes, stripping costs and finding new opportunities to improve efficiency.

The performance-driven culture is supported by HR processes that allow managers to set and cascade across organisation performance targets linked to Business Plan. These processes are underpinned by strong reward incentive mechanisms offering attractive pay upside potential to employees.

The performance management practices in Nordgold include:

- Monthly variable reward for front-line employees incentivising workers to achieve and exceed key production deliverables and KPIs while meeting safety standards;
- Quarterly reward for Business Unit management teams linked to cash flow targets per business plan;
- Target Dialogue, annual process of objective setting and assessment of performance results for all management and supervisory level employees linked to annual bonuses with significant upside potential;
- Long-term incentive plan for senior management incentivising sustained operational excellence and building Total Shareholder Return.

We are currently in the process of extending these performance-driving mechanisms to cover all employee categories. The objective is to achieve a full alignment of the whole organisation to the Business Plan targets and cascade relevant KPIs to the employee groups impacting the deliverables. Today 72% of Nordgold population is covered by a performance management plan.

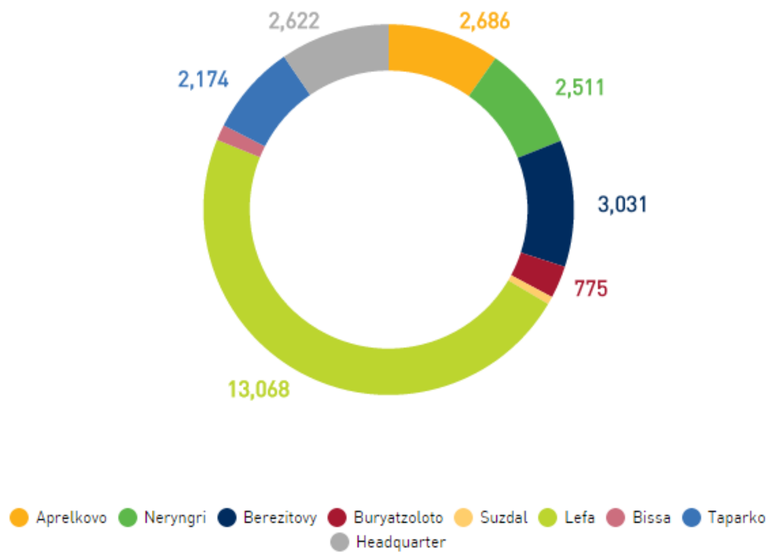
Organisational Efficiency Enhancing

In 2014 we focused on enhancing organisational efficiency throughout the group. We continued to right-size the headcount and optimise personnel costs, which resulted in a leaner and more streamlined organisation.

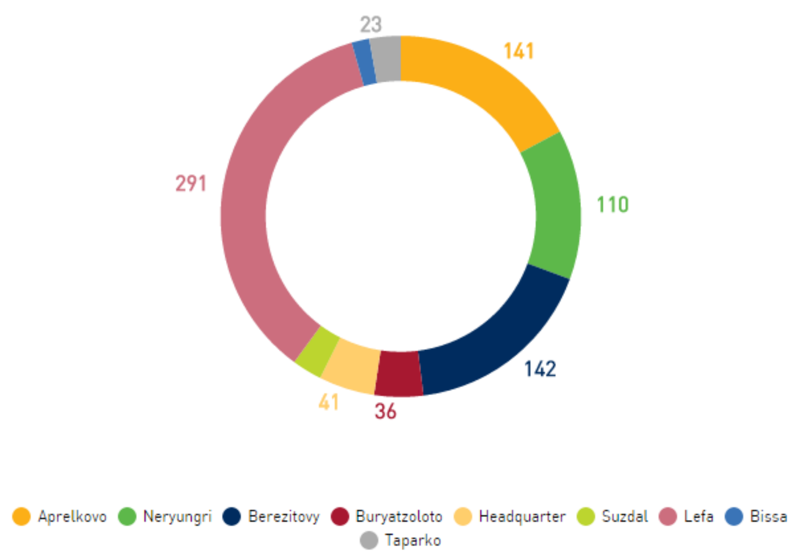
Overall the HR cost reduction initiatives in 2014 produced a total annualised effect in excess of US$27.4 million.

The projects included headcount reduction, administrative offices downsizing, transition to flat organisational structure, outsourcing of certain functions to external providers, shift & roster changes, overtime control, and replacement of expat employees with local staff.

Annualised effect from Key Organisational Efficiency / Optimisation Initiatives 2014, US$000



Annualised effect from Key Organisational Efficiency / Optimisation Initiatives 2014, headcount reduction



In total, Nordgold headcount has been reducing at an annual rate of -6% between 2012 & 2015. Nordgold personnel costs have been improving over 2012-2015 periods at an annual rate of -4%.

Employees whose positions were reduced were paid out severance packages. The severance pay-outs in Russia and Kazakhstan amounts to minimum 3 and up to 6 average monthly salaries, in Africa minimum 1 and up to 26 average monthly salaries.

Lefa case

The turnaround program at Lefa in 2014 produced outstanding outcomes.

Personnel headcount optimisation was one of the key drivers in 2014 results - Lefa business unit reduced 291 local and 13 expatriate employees with the total annualised effect of US$5,8 million.

Strict control of camp food & beverage stock as well as travel and accommodation costs associated with rotation schedule resulted in additional savings of US$1,6 million between 2013 & 2014.

A protocol on salary freeze was signed with the Unions for 2014 & 2015 years providing savings of approximately US$2 million per year (estimate based on 7% average salary increase); some allowances were reviewed resulting in savings of US$188,000 between 2013 and 2014.

Lefa also launched a medical project, which included insourcing of medical support for local employees and dependents (approximately 9000 people), changes in medical evacuation policies and received overdue reimbursement of incurred medical costs from a former insurance provider – all that helped to save about US$2.2million between 2013 & 2014 just on medicine.

To increase organisational efficiency we also conducted the transition to a three-layer organisational structure under the General Manager of a Business Unit in open pit mines in Russia:

GM-1	Managers
GM-2	Supervisors
GM-3	Workers

Nordgold HR department supported the organisational transition, description and communication of a new distribution of roles, cross-functional interactions, authority and accountability. A training programme was launched to support the changes; compensation of selected employees was adjusted due to promotions / extended scope.

A survey regarding working in a new structure was conducted among GM-1 and GM-2 level employees. It helped us establish that the structure is operational and identify further improvements needed, such as continuing the training programme, analysing and optimising work load of supervisors associated with reporting and business meetings.

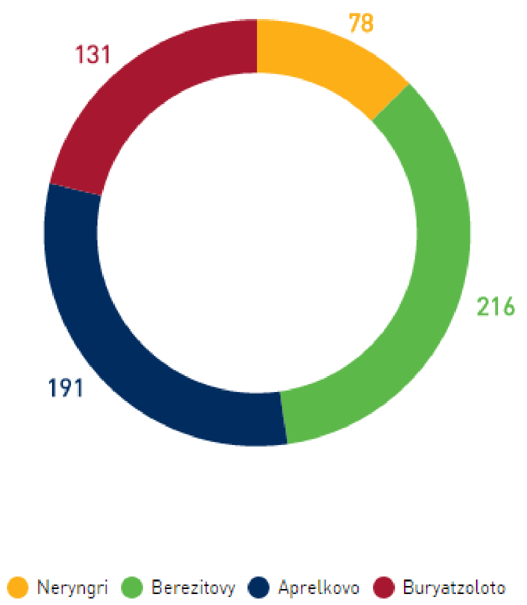
Outsourcing

One of the ways to improve efficiency is outsourcing non-core transactional operations and support services to external providers.

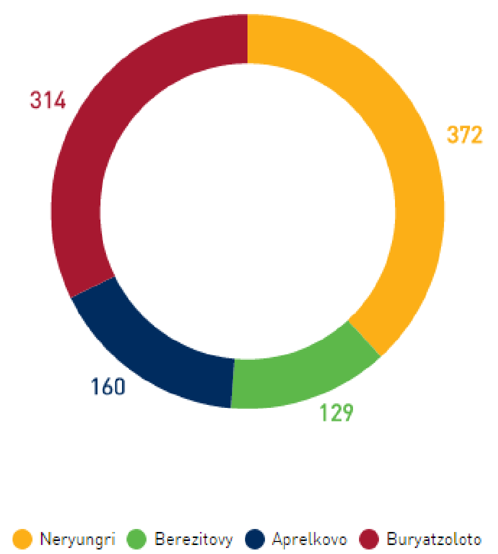
The project, implemented at all Russian mines, generally proved efficient and allowed overall annualised savings of US$$1.6 million.

The initiative covered catering and cleaning and transactional Finance and HR operations. Outsourcing of transactional Finance and HR operations became possible after completion of SAP project.

Effect from outsourcing Finance and HR operations, US$000



Effect from outsourcing cleaning and catering operations, US$000



The optimisation initiatives helped improve employee productivity. The indicator is showing a positive trend over the last few years:

Nordgold	Productivity, Oz per employee	Personnel cost per Oz, US$
2010	68	220
2011	75	268
2012	69	331
2013	87	275
2014	98	240
2015 (plan)	103	221

Efficient HR Support to Business

HR function in Nordgold targets to provide high quality and cost efficient service to business. As part of our integral drive for increasing efficiency, in 2014 we focused on streamlining HR. Completion of SAP project in Russia and Kazakhstan provided opportunity to outsource transactional operations, like personnel administration and payroll, to an external provider. Business Unit HR specialists were relocated from city offices to the mining sites, closer to the business they support. After outsourcing of non-core admin activities HR functional headcount was downsized and restructured into a lean, flat and compact organisation with clearly defined roles.

Case study: Unification of processes across company (including SAP and outsourcing)

Optimising basic HR processes remains a priority topic for Nordgold. In 2014, we outsourced non-core HR services to an external provider.

As operations were transferred to an external Service Center, HR could free itself from administrative burden and focused on value-adding functions, like recruitment, training and development, incentive reward management, employee relations. The transactional processes and interactions with the service provider were clearly mapped. Local HR SAP access was limited to viewing data and compiling analysis. These initiatives allowed Nordgold HR to achieve standardisation of basic processes, full compliance with operational procedures & data transparency.

Employees benefitted by direct access to their personal data as well as compensation, work schedules, vacation and other useful information via internet and can ask questions through Call Center and on-line. They can also get useful notifications via telephone text messages.

57% of all Nordgold population is currently supported via Service Center and 68% administered via SAP.

Introduction of SAP and outsourcing of transactional operations allowed savings with annualised cost effect of US$425 thousands for the changes completed in 2014. Further HR rightsizing and streamlining is planned for 2015 in Kazakhstan and Africa.

Efficient recruiting

In 2014 we continued our efforts to streamline recruitment process.

We vertically integrated the function with most searches conducted from the central recruitment hub and HR specialists in Business Units facilitating the process with internal clients on sites, organising interviews, providing offers to candidates, onboarding newcomers and managing probationary period.

In 2014 we formalised our recruitment policy and employee on-boarding procedure. We set up our electronic database and gained access to internet based search tools. Utilisation of recruitment & headhunting agencies was significantly reduced which helped cut our recruitment costs.

Nordgold improves recruitment performance, with the opportunity to reach best practice:

Recruitment KPIs	**2012**	**2013**	**2014**	**2014 PWC Saratoga Best Practice Survey**
				European Market
Time to hire, days	38	38	31	23
Offer acceptance rate, %	51%	79%	91%	97%
Successful completion of probation, %	--	--	92%	--
Internal Appointment Rate	--	3%	9.5%	12%
Staffing rate, %	--	--	97%	--
Cost per hire, USD	--	--	256	(256)

These and some other initiatives implemented in 2014 allowed HR function to support business in a more cost-efficient way and target best practice level going forward:

HR Headcount and Cost Benchmarking, PWC Saratoga, June 2014

	European Companies		**Nordgold 2013**	**Nordgold 2014**
	Best Practice	**Median**	**(inc. leased staff)**	**(inc. leased staff)**
Employees per 1 HR Employee	127	88	114	108
HR Cost per 1 Employee, US$	442	955	664	556

Nordgold HR team has lots of initiatives planned for 2015 to optimise processes further and improve services to internal clients.

Talent Management

Nordgold talent management system targets to ensure organisational capability to meet the current and future business objectives, hence we are putting processes and programmes in place to guarantee that:

- Nordgold leadership team and Business Unit managers are of high quality.
- Critical operational skill sets are in place and replenishable for smooth and sustainable business operations.
- Talent pipeline sustains continuity of leadership and management capabilities.
- Operational skill sets are constantly upgraded to improve productivity.

Talent Review practice is an instrument Nordgold utilises to review and upgrade the quality of its management. Every Business Unit management team and all Headquarter staff are being reviewed at least once a year by Nordgold Talent Review Committee. Every Business Unit conducts talent reviews annually to review their employees and make decisions regarding retaining, developing, training, promoting, replacing or exiting employees.

The reviews cover performance results, strengths, development areas and plans, future direction, retention issues, talent pool upgrade, key technical competencies availability and succession plan.

This practice allowed Nordgold to improve the quality of management by increasing the category of leaders who meet or exceed Nordgold high standards by 16.6% and reducing the categories of “below expectations” and “newcomer”. 75% of Nordgold management is now meeting or exceeding Nordgold expectations while the majority of the rest are still new to the job or were not yet assessed.

Succession planning allows us to proactively identify high potentials in organisation and train and prepare them for future placements into key positions. We have created a Career Path & Key Competency map for Business Unit General Manager post to facilitate internal development of successors. Succession plan is important as external sourcing can rarely provide high quality candidates well-rounded to fit Nordgold high professional competency expectations and attuned to Nordgold vision and culture.

In the reporting period, 111 employees were selected as high potentials for the Succession talent pool with development and promotion focus, and 40 employees for the Critical talent pool with retention focus.

Succession planning in Africa in addition to supporting business sustainability agenda offers a significant cost optimisation potential as we replace expatriate employees with qualified local nationals.

Our biggest Business Unit Lefa launched a Succession Plan initiative in 2014 aimed at identifying and training national employees having potential to grow into managerial roles. The first stage of the programme is a combination of training and assessment sessions will cover all national employees who hold, will be appointed into or have potential for supervisory roles in the company. This extended group of employees is offered a range of training from finance and project management to ethics, communication and people management skills. They also receive on-the-job professional skills training, coaching from their expatriate mentors and external consultants. Based on the programme time-line the selected finalists will be able to fill expat roles in 2017.

Trainings and development

Management training includes standard programme obligatory for all Nordgold managers and individual development plans.

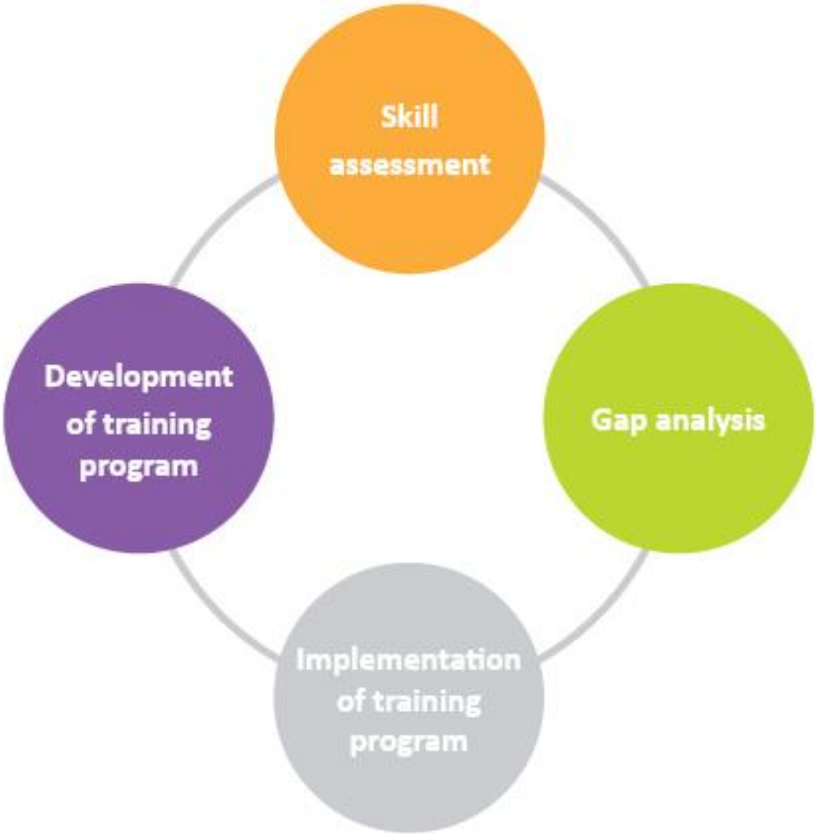
The standard leadership programme called More than Gold has been running since 2012 with an idea to align Nordgold leaders to vision, strategy, leadership philosophy and values of Nordgold. The programme has covered appr. 400 leaders of Nordgold and will continue for all new joiners.

Individual training plans are formed as a result of Talent Reviews and Development Dialogues conducted between an employee and his / her supervisor. Such plans address specific development needs identified for individual employees. Nordgold invested a sum of US$678 thousands in management development in 2014.

Nordgold is currently focusing its training efforts on front line employees.

Technical Training project for front-line staff was launched in 2014, when in cooperation with Operations Team technical skill matrix was developed. Workers are assessed against the skill matrix and offered on-the-job or formal training to cover their skill gaps. This programme will help us increase technical competencies of our front-line.

The process of technical training



The project was piloted at Russian Open Pits.1129 workers of all functions were assessed against the skill matrix by their supervisors. The identified skill gaps will be closed by on-the-job coaching and formal training. The training programme is in progress followed by results assessment.

Overall, 3,268 employees took part in formal training programmes, provided by Nordgold in 2014.

	Employee trained
Aprelkovo	46
Berezitovy	143
Neryungry	476
Buryatzoloto	1,238
Suzdal	582
Headquarters	59
Bissa	363
Lefa	311
Taparko	50
Total	**3,268**

It is important for Nordgold to retain well-trained workforce. Thus, most trainees sign contractual obligation of continued employment with Nordgold. Additionally, upon successful completion of their training courses and verification of the skill upgrade employees receive individual supplements to their base salaries.

Looking forward we aspire to continue building organisational capability targeting excellence in both quality of managers and skill levels of our front-line employees; to ensure that high potentials are continuously identified & have development plans executed; to gradually replace expats with nationals in Africa; to ensure that Nordgold possesses the best talent for the job needed to be done.

Corporate Culture

Building a corporate culture

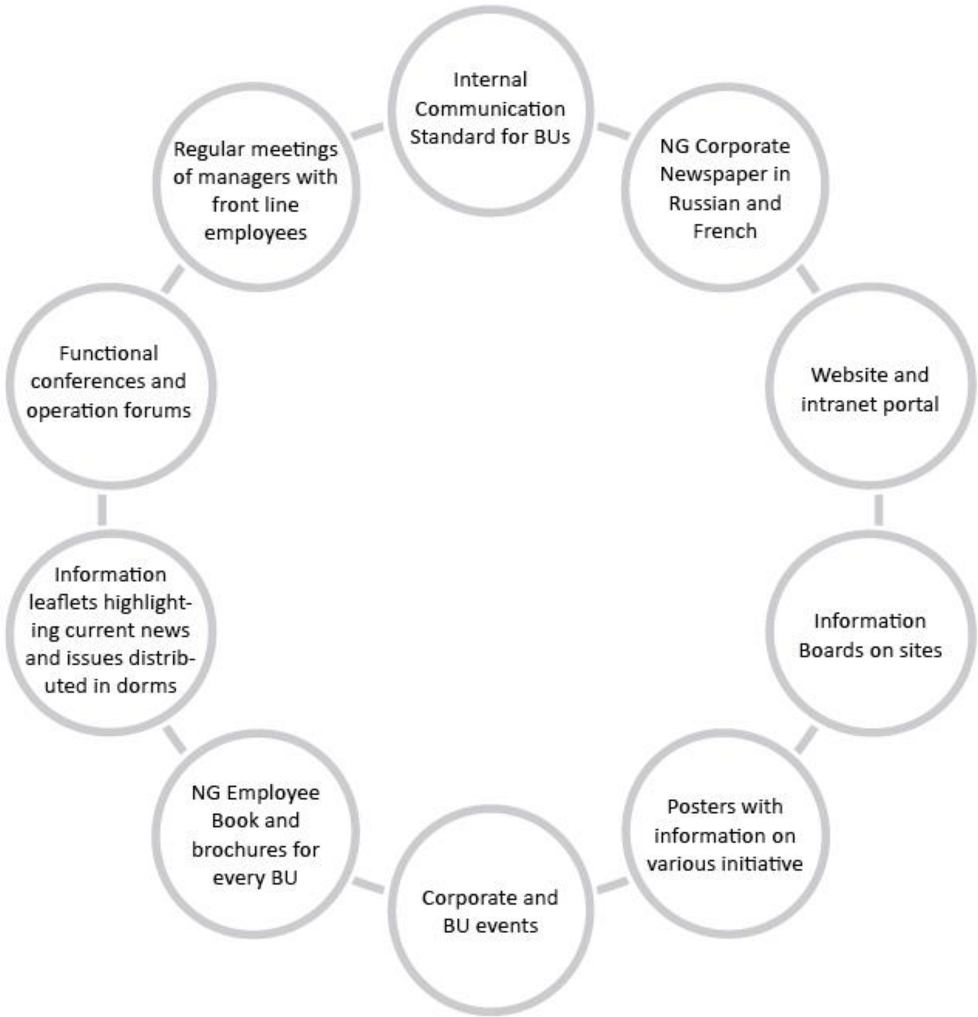
As an international company with operations in Russia, Kazakhstan and West Africa, we take great pride in our ability to work with and in different cultures. This helps us succeed where other companies have failed.

Our corporate culture is based on the principle that all our people, regardless of which operation they are engaged in, should identify with each other as being part of one team that is welded together with a common purpose. A strong corporate culture is vital for ensuring successful and sustainable development of the Group and to make Nordgold an employer of choice.

Creation of Nordgold culture started with top leadership of the company creating a common vision for Nordgold future and corporate values critical for our operational and strategic success. The vision and values have been disseminated in the organisation through our training programmes, reward systems, new hire selection procedures, employee assessment mechanisms, but mostly through the leaders serving as role models.

A number of communication channels is utilised to convey Nordgold vision and values to the employees.

Nordgold communication ring in the view of corporate culture development



The above mentioned management development programme called More than Gold aimed at cultural alignment covers all leaders of Nordgold and is obligatory for the newcomers. This programme includes the modules on values, leadership and change management, mining economics and operational efficiency philosophy, people management and effective team work. More than Gold is a great tool to shape Nordgold leaders around the Company's values.

2014 key corporate culture initiatives

«Golden employee award» that celebrates value-based behaviours. In 2014 39 employees from all Business Units were selected and rewarded. Their achievements were publicised via corporate newspaper and celebrations on sites.

Quiz on Nordgold Values with an attractive prizes for winners who know Nordgold values and behavioural standards well.

The booklet on Corporate behavioural standards was produced and distributed to all sites.

Presentations to employees on Norgold behavioural standards were conducted by Business Units HR teams.

The Code of Ethnical Conduct was formalised as a policy document and pressented to all employees.

The action plans devised by Business Units in response to the latest employee satisfaction surveys were executed and included efforts on improving internal communication, professional development, reviewing incentive schemes, explaining remuneration structure, improving working and living conditions on sites, improving the quality of catering, modifying vacation schedules, and other.

In 2015 we plan a new employee opinion survey to track dynamics of employee satisfaction and focus on a new factor – employee engagement.

Ethics Committee

Nordgold encourages a culture of openness. All employees and third parties can confidentially report on any concerns they may have regarding any ethics related issues in Nordgold. People can signal their uncertainty on the best course of action in a particular situation, or report a suspected violation of a law or company regulations.

Ethics Committee was established in 2013. Its membership includes a number of senior executive officers, including the Chief Executive Officer, Chief Legal Officer, Security Director and HR Director. The committee reviews comments from the whistleblowing hotline and makes decisions on remedial actions where necessary.

In 2014, 9 issues were addressed to the Ethics Committee. Out of them, 8 issues were resolved and one open issue (reported in December, 2014) is under investigation.

Responsible Mining

Approach to Sustainability

Our responsible approach to gold mining

We believe that Nordgold socially responsible approach to business based on cooperation with all stakeholders – shareholders and employees, partners and contractors, local government and communities – gives us an opportunity to succeed and generate long-term investor returns. Thus for us, success is more than just gold. Our values run deeper than only effective gold production. That is why our motto is more than gold.

Global Sustainability Issues in Mining

The idea of Sustainable Development - meeting the needs of this generation without compromising the ability of future generations to meet their needs - has become a key concept in seeking to integrate environmental, social and developmental goals of societies everywhere.[1] The international expert community has been holding a long debate on it since 1970's, which entailed an up-going trend towards more responsible business practices. However its application to mining sector has developed only in last decades.

[1] THE GLOBAL MINING INITIATIVE http://www.icmm.com/document/104

The mining sector has strong and direct social, environmental and economic impacts, dealing with non-renewable resources. Operating primarily in the developing world, mining companies in conditions of volatile economies or not developed legal regulation can influence the most vulnerable populations or alter the natural surroundings in the places they work.

All around the world professional community of mining industry makes efforts for promoting a pro-active and responsible approach to ensure sectors's viability.

Nordgold strives to take into account all the best international practices in designing and implementing its own policies in the field of sustainable development.

Nordgold sustainability issues

Nordgold focuses on the sustainability issues that are most significant for our external and internal stakeholders. The health and safety of our people is our number one priority! We are fully committed to a zero-incident target in production.

But it does not mean that we lose sight of other aspects. We also work hard to provide good labour conditions and competitive compensations, trainings and qualifications upgrading (for more details see Respect for people).

We adopt a comprehensive approach to reducing our environmental footprint and contribute to the development of the areas around operating assets and local communities.

This approach also reflects Nordgold corporate values and culture.

To ensure that our programmes are effective in each specific area and in each specific sustainability issue Nordgold strives to be a trusted partner to stakeholders in each country it operates.

Stakeholder Engagement

Approach to Stakeholder Engagement

Nordgold strives to be a trusted partner to stakeholders in each country it operates.

Partnership with local governments, NGOs, professional associations, local communities and other stakeholders enables us to combine efforts and resources and draw on additional complementary skills.

Nordgold's success is underpinned by building proactive and transparent relations with a wide variety of stakeholders that may impact and are affected by the Group's activities.

Mutual trust lays a strong foundation for a sustainable development of our business. The fair and ethical nature of our relationships with all our partners is set out in the Corporate Code of Business Conduct and Ethics, adopted in 2013.

Nordgold employs various mechanisms in its relations with stakeholders and engages with them at a number of levels, including information disclosure, consultations, and involving them in the Group's activities. Regardless of the means of engagement, Nordgold is guided by stakeholder expectations and needs, as well as its own priorities and objectives. We always focus on finding common ground with stakeholders in order to promote shared success.

Our engagement complies with relevant legislation and standards, including ISO 14001, OSHAS 18001 and ISO 9000. All of our stakeholder engagement activities are governed by the AA 1000 principles of:

- Inclusivity.
- Materiality.
- Responsiveness.

Corporate communication management policy

Nordgold's Corporate communication management policy was adopted initially in 2012 and updated in 2014 with changing of responsibility division. The purpose of this Policy is to establish a coherent approach to and control over corporate communications focused on ensuring accurate perception of the Company and its activities by external and internal stakeholders.

Corporate communication activities are carried out by the Communication Team of Nordgold including the following positions:

- Investor Relations Manager.
- Head of Media Relations.
- Media Relations Manager.
- Head of Internal Communications and Sustainable Development Projects.
- Corporate Communication and IR Specialist.

The Communication Team is responsible for the designing the Annual communication plans of the Company and subsidiaries.

There is a distribution of responsibility for communication between levels of headquarter (HQ) and business units (BU). The communication specialists of BU operate at the regional and local levels, in strict accordance with the plans approved in HQ that covers the Federal and regional levels.

Principles for identification and selection of stakeholders

We identify various stakeholders, both internal and external, across Nordgold Group using our approach to sustainability and the approach to stakeholder engagement. Nordgold's engagement strategy is aimed to support the performance of its corporate strategy.

In conjunction with this, and in line with AA1000SES implementation, a formal stakeholder analysis was conducted with the participation of experts and managers. From these processes we derived the following stakeholder's group.

Key Stakeholders Groups

The key stakeholder groups the Group engages with are:

Investors	Business Partners	Employees	Society
Shareholders and bondholders	Suppliers	Employees	Governments and local authorities
Investors	Industry bodies	Trade unions	Local communities
Financial Community		Contractors	Media, NGOs, and other opinion formers

We believe that a socially responsible approach to business, based on cooperation with all stakeholders – personnel, partners and contractors, local government and communities – allow us to achieve the success and long-term investor returns we all want to see.

Investors

We constantly work on improvement of investors' confidence into our business model and strategy, as well as our focus on best corporate governance standard. We share our profit with our shareholders via regular dividend payments (see Dividend Policy).

Key topics and concerns have risen through stakeholder engagement and the Company's response.

The way we engage (engagement during the year)	Information and releases via News Services. Corporate website (www.nordgold.com). Releases and information sent to the shareholder database. Results of presentations, conference calls and webcasts. Ad hoc presentations on specific issues. Participation in industry and investment conferences. Roadshows. Documents and correspondence sent via post and e-mail. Conference calls. One-on-one meetings and calls. Group meetings. Integrated report. Financial reporting.
Discussions during the year	Clear articulation of our strategy in a low gold price environment to the market, and regular update on its implementation
Benefits of engagement	Access to financial markets, fair market valuation, ongoing investors' interest, creating an understanding of the company's business model and strategy.
Specific stakeholders	No specific except for the main shareholder.

Business partners

We build our relations with suppliers and contractors, adhering to the principles of credibility, safety and anti-corruption.

The way we engage (engagement during the year)	Presentations. Workshops. Contractual negotiations. Corporate website (www.nordgold.com). Conferences. Documents and correspondence sent via post and e-mail. One-on-one meetings. Integrated report.
Discussions during the year	Company news & plans; financial & operating results.
Benefits of engagement	Firm understanding of our industry and our place in it. Reliable supply chain, assuring the sale of our product.
Specific stakeholders	See below.

Participation at industry bodies

Nordgold Group is a member of the following associations (directly or by BU participation):

Russia:

- NGO “Russian Gold Mining Union”;
- Non-commercial partnership “National Association for subsoil”;
- The Engineering Companies Association (Aprelkovo mine);
- The Board of Trustees for the Subsurface Management Expert Association of the Russian-Guinea Intergovernmental Economic, Technological, and Trade Committee;
- Non-commercial partnership «Self-regulatory organization "Association of Builders of the Amur Region" (Berezitovy mine).

Kazakhstan (Suzdal mine)

- National Chamber of Entrepreneurs;
- Republican Association of Mining and Metallurgical Enterprises AMME (AGMP).

Guinea (Lefa mine):

- The Chamber of Mines;
- Prefectural Development Council (CPD);
- Employers’ Confederation of Enterprises of Guinea (CPEG).

Burkina Faso:

- The Chamber of Mines of Burkina Faso **(**Taparko and Bissa mines);
- The North Central regional consultative framework **(**Taparko and Bissa mines);
- Municipal councils of Yalgo, Bouroum and Nagbingou (Taparko and Bissa mines);
- The association Lagmè Zilma (Namentenga) (Taparko mine);
- Extractive Industries Transparency Initiative ITIE (Bissa mine).

Employees

See Respect for People to learn more about our relations with employees.

The way we engage (engagement during the year)	Corporate website (www.nordgold.com). Corporate newspapers (in Russian and French). Information desks with all latest news. Corporate TV. E-mailing with corporate news. Meeting with General directors, Head of HSE & HR on each mine. Corporate cultural events (Nordgold Company Day, Metallurgy Day, Panel games with humor competition for Russian mines) & corporate competitions. HR hot-line.
Discussions during the year	Company's news & plans; financial & operating results; safety; salaries and compensations; social and living conditions; sharing corporate values.
Benefits of engagement	Mutually beneficial relationships founded on openness and integrity. Fewer strikes, high levels of productivity, low turnover. Constructive engagement to understand issues raised by both the employer and the unions, as well as willingness to resolve these issues.
Specific stakeholders	Trade Unions Taparko, Lefa, Suzdal.

Society

The way we engage (engagement during the year)	Community media. Corporate website. Integrated report. Industry bodies. Conferences, presentations and workshops. Radio in Africa. Publications in Mass Media. Local communities' meetings.
Discussions during the year	Company news & plans; financial & operating results; safety.
Benefits of engagement	Easier to maintain social license to operate. Stable community relations.
Specific stakeholders	See below.

Governments and local authorities

Host governments are our important stakeholders as they could affect the Compony by different ways.

In 2014, prior to obtaining the operating license, we conducted several consultations at the Bissa area:

- Public survey organised by the Ministry of Environment and the Ministry of Mines at Gougre, Guibaré and Mane on November 12th, 13th, 14th, 2014;

- Validation studies at the Technical Commission for Environmental Evaluation on February 13th, 2014;
- Meeting of the National Commission of Mines on June 3rd, 2014 with 21 ministries represented;
- Establishment of a Consultation Framework at Guibaré with the Prefect and the Mayor of Guibaré, Gougre populations' representatives as well as Guibaré and the company representatives;
- Establishment of a Consultation Framework at Mane with the Prefect and the Mayor of Mane, affected populations representatives of Zaona and the company representatives;
- Commodo and incommodo Survey, on May 30th and 31st and June 2nd, 2014 at Guibaré on June 1st and 2nd2014 at Zaona and, finally, June 3rd and 4th 2014 Gougré.

In order to comply with local laws and regulations in the countries of operation, Nordgold regularly monitors current legislation and planned changes, and recruit experienced professionals in all key areas.

Nordgold did not make any contributions to political parties, politicians and related institutions in 2014. (G4-SO6)

Communities

Special attention is paid to community development. We respect people living in the areas where we operate and we help communities to develop locally.

We provide support for workers and landowners and protection programs for the most vulnerable members of the society. We regularly finance and implement development programs that positively impact the general community and good causes, thus benefitting thousands of people.

Especially important role community relations have for sites with a high density of settlements in the district. For example, the Taparko and Bissa Mines are surrounded with a very large number of villages, which population works for Nordgold. To understand better the needs of local residents Nordgold conducts intensive communication approach in the region and participates in many local non-profit organization and NGOs.

Participation at non-profit organization and NGOs (located in Burkina Faso[1]):

Taparko

- Semaine Nationale de la Culture (SNC);
- Coordination of women of Yalgo, Nagbingou, Bouroum, Ritkouilga, Kouini;
- The youth parliament (Boulsa);
- The RSE Association (Responsabilité Sociale des Entreprises).

Bissa

- The Regional Directorate of employment, youth and vocational training;
- The Tanapunsirikul Association for the development of Yalgo (ATD);
- The Association of pupils and students of Namentenga (ASEN);
- The Nabaasnoogo Association of Taparko;
- Nakambe River Water Agency (AEN);
- National coalition of AIDS;
- North Central Regional Consultative Committee;
- Provincial Directorate of National Education of Bam;
- Committee on facilitation of dialogue between Bissa Gold and community near the mining area;
- Special delegation of Sabce;

- Guibare compensation monitoring Committee;
- Mane compensation monitoring Committee;
- Partner with “SNV” NGO;
- Partner with “Afrique jeunesse” NGO;
- Association «WEND-BENEDO» of vulnerable children;
- Association “le reveil” for training of women;
- Foundation “EBENEZER” for training women;
- “CABROTY” for training women;
- Association “Relwende” for training women.

Learn more about our relations with local communities.

Economic value generated and distributed in stakeholders advantage

As an employer, with operations in a number of remote communities, Nordgold has a powerful economic role to play in driving the distribution of wealth.

In 2014, Nordgold’s wage and benefits bill was US$234.8 million. In addition, the Group’s own payments in 2014 stood at over US$136.0 million in Group taxes, royalties and indirect taxes, which made a significant contribution to the social infrastructure of our host countries.

Wages and taxes, charity and other social expenses in Nordgold play a key role of fundamental building blocks in healthy community relationships.

Our total financial contribution for charity projects totaled US$548,000 in 2014.

We share the retained economic value with our investors by the payment of dividends.

	Stakeholder group	**US$**
Direct economic value generated: Revenues	Business partners - customers	1,216.1 mn
Economic value distributed:	All Stakeholders	896.3 mn
Operating costs (Materials, Fuel and energy, Spare parts, External services, Other expenses)	Business partners - suppliers	431,3 mn
Employee wages and benefits	Employee	234.8 mn
Payments to providers of capital (interests+dividends)	Investors	93.7
Payments to government (income and other taxes)	Society - governments	136.0 mn
Community investments	Society - communities	0.55 mn
Economic value retained		319.8 mn

Safety and Health

Safety approach

The health and safety of our people is our number one priority. Continuous improvement in this field is a key part of our business. We believe that excellent health and safety standards as well as operational efficiency go hand in hand.

Our priority is to encourage and strengthen a shared, company-wide culture of safety, which will enable Nordgold to minimise safety incidents, eliminate fatalities and, thus, become the industry leader in this field.

The above-mentioned position of the Company towards Health and Safety is declared in our Health and Safety Policy, which was implemented in August 2012.

Our activities in the field of health and safety management, both at the Corporate headquarters and at all business units (BU) are based on the following principles, which are also declared in the Policy:

- Safe working conditions as a priority;
- Health and Safety management is a key component of the Nordgold Business System;
- Workplace hazards should be identified, and these and all safety incidents must be reported on;
- Employees should behave safely and responsibly;
- Compliance with all HS regulations;
- Transparency;
- No work can be done if safety is compromised.

While we recognize that we operate in a hazardous environment, we remain dedicated to our goal of ensuring every one of our employees returns home safe at the end of each shift.

We continue to invest our efforts in improving our overall safety performance. Nordgold continues pursuing the integration of safety methodologies and sharing best practices between our international mines, as well as investing in the safety of our employees.

Apart from our Health and Safety policy, there are local legislation for each operating region, Safety Rules, OHSAS 18001:2007 and Business System Nordgold (BSN) that are used by the Group worldwide as key standards and documents.

The Group complies fully with related requirements, including the legislation of operating regions, and accepts additional voluntary HS commitments.

Document name	Description
Local legislation	The Group complies fully with related requirements, including the legislation of operating regions, a accepts additional voluntary HS commitments.
BSN	BSN adopts a comprehensive approach in a number of areas, one of which is safety, which is based methodologies created by DuPont and tailored by Nordgold for use in different BUs. In 2014 Nordgo implemented BSN across all BUs. See Chapter 2.3. to learn more about BSN and activities in terms of it.
Health and Safety Policy	The Group has one Health and Safety policy for all BUs – in order to achieve excellent results in each eight site-specific HSE Policies. Detailed information see in Health & Safety section of the corporate
OHSAS 18001:2007	OHSAS 18001 is a certification standard that sets forth the minimum requirements for occupational and safety management best practice. It is currently implemented in all BUs, which are yearly rated use of 16 of OHSAS 18001 aspects.
Safety Rules	See below

More Than Gold Safety Rules

In order to create a further step-change in safety performance, especially at the Nordgold underground mines, in 2014 we revised the Nordgold Rules of safety which were approved in December 2012. At the moment, they are called More Than Gold Safety Rules. They are aligned with the Nordgold Company Values and continue to apply to everybody: employees, contractors, service suppliers and visitors.

The document covers 10 issues:

- Fundamental requirements;
- Rules for underground and surface mining;
- Mobile equipment and light vehicles;
- Confined spaces;
- Working at heights;
- Energy and machinery isolation;
- Lifting and mechanical handling;
- Water bodies and liquid storage;
- Chemicals and hazardous substances;
- Management of change.

Health and Safety Management

The Safety and Sustainable Development Committee of the Board monitors and evaluates the sustainability performance and governance of the Group. The organisational structure of HS management includes the COO, Deputy COO for Underground Mines and HSE, Group HSE Manager at Management Company level, and BU Directors and HS Deputy BU Directors that head the health and safety department at each BU.

To improve occupational safety at each enterprise we are implementing a program of activities aimed at changing the safety culture at the level of each employee.

HSE Management system carries out the following 10 key activities:

- Employee safety training and instructions
- Development of job safety instructions
- Risk evaluation (non-regular operations)
- Safety issue resolution management

- Feedback centre
- Investigation of safety incidents
- Safety violation counselling
- Safety meetings
- Behaviour safety conversations
- Safety rating audit

We investigate all micro-injuries, traffic collisions and technical incidents without disablement, search for their key reasons and send the results of the investigations to all mines.

All managers conduct practical behaviour safety audit.

The results of safety rating audit are included in the list of KPIs of top managers - this is why our managers are highly motivated to increase the safety rate of their mines. Moreover, in case of fulfilling the safety requirements (compliance with our More Than Gold Safety Rules), our employees are granted premium bonus.

Every month we conduct a peer review of one mine's health and safety. We discuss health and safety issues at various levels, both internally and externally, from the level of the Safety and Sustainable Development Committee of the Board to the level of the mine's Health and Safety Deputy BU Directors. These discussions are followed by engaging workers through pre-shift briefings as well as other actions.

In the following year, we plan to improve our procedure of safety rating audit by adding the «level of risk» criterion (high, middle, low) to each question. This will help to find out, to what extent the non-compliance with requirements may result in an accident.

Key events in 2014

A practical training for managers and employees on behaviour safety audit was held in 2014.

All newcomers (managers and employees) were trained and examined about labour protection management system.

In the reporting year, unified monthly reporting system was implemented at all Nordgold mines.

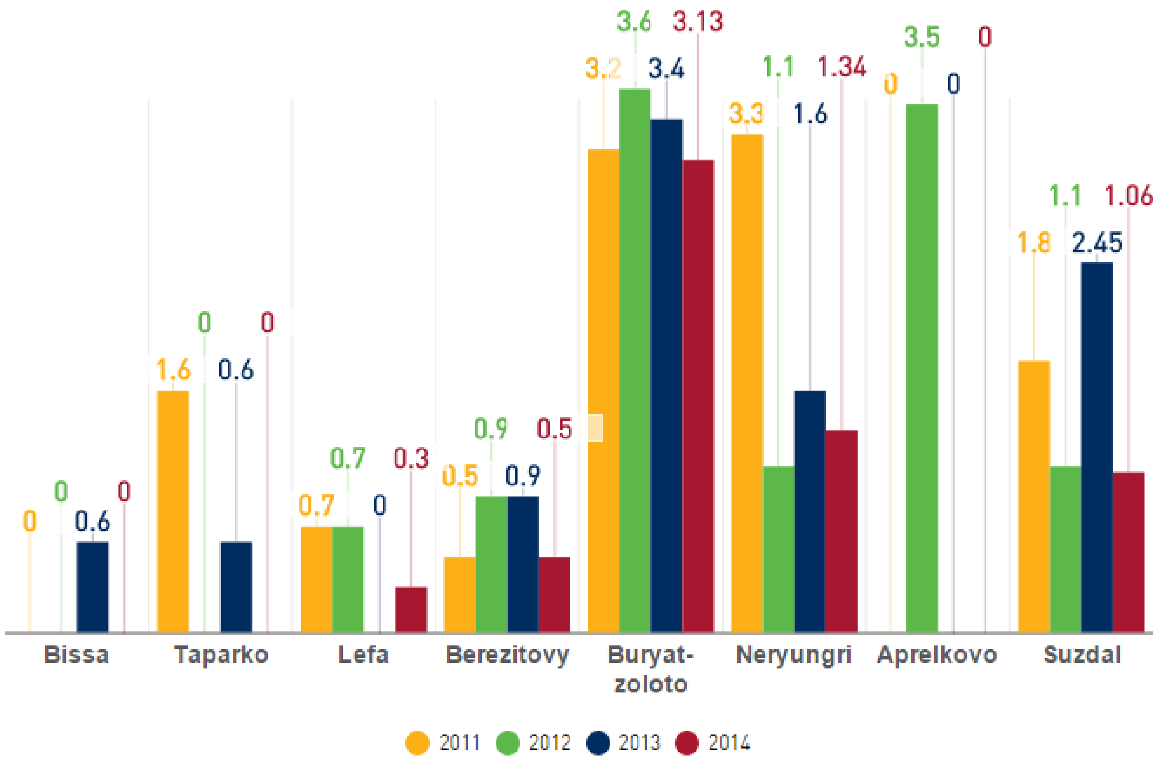
Safe production

During the last three years Nordgold has demonstrated a reduction in LTIFR and number of injures. We are on the path of continual improvement in safety performance – in both injury frequency and severity.

Reporting and monitoring injury frequency rates take place in all BUs. We use national law requirements for reporting, recording and notifying workplace accidents in each BU. All data are collected and consolidated within one day to fully represent the current situation regarding health and safety issues at Nordgold.

Our annual target is to achieve a 10% year-on-year improvement in the Lost Time Injury Frequency Rate (LTIFR). We achieved it in 2013 and we managed the same in 2014, when we planned to decrease LTIFR to 1.36. We surpassed the plan and now we are pleased to declare a 19% improvement in 2014 LTIFR of 1.23 compared with LTIFR of 1.51 in 2013, with a significant improvement at Berezitovy, Buryatzoloto, Neryungri and Suzdal.

2013 and 2014 LTIFR by mine



Injuries and root causes

We are pleased to report a 28% improvement in 2014 LTI (23 injuries compared with 32 injuries in 2013). Our Bissa, Taparko, and Aprelkovo mines operated according to the highest industry standards, with no LTI incidents recorded.

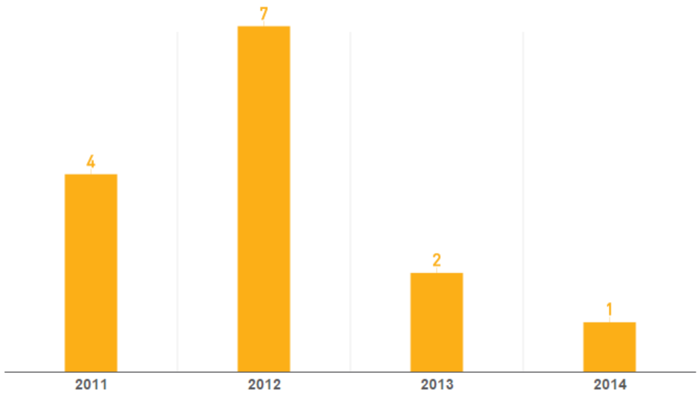
2014 injuries and root causes by mine

Mine	Number of injuries	Root cause	Number of injuries, by root cause	Gender
Buryatzoloto (Irokinda and Zun-Holba)	17	Electric burn	2	100% men
		Incidence	5	
		Rock failure	3	
		Equipment	7	
Neryungri	2	Incidence	1	100% men
		Equipment	1	100% men
Berezitovy	1	Thermic burn	1	100% men
Suzdal	2	Incidence	1	100% men
		Electric burn	1	
Lefa	1	Incidence	1	100% men

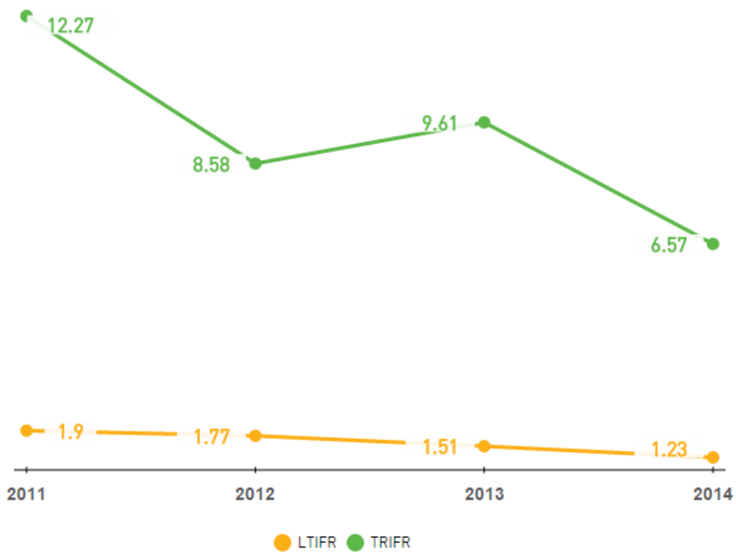
Fatalities and root causes

Our target is zero fatalities at all Nordgold mines and operations. The number of fatalities at Nordgold operations remained two as compared to 2013: 1 Fatality on Irokinda (4th April 2014) and 1 fatality on Neryungri (29th June 2014). Nordgold management at all levels deeply sympathises with the families and friends of the deceased.

The chart shows fatalities for employees only with one contractor fatality happened in 2012:



2011-2014 Nordgold LTIFR and TRIFR (Total Recordable Injury Frequency Rate)



We continue to work diligently on implementation of improved and more effective health and safety management systems and programmes.

All cases in the reporting period have been thoroughly investigated and measures have been taken to prevent such accidents occurring in the future.

Health protection

We care about health of our employees, providing them with health insurance. In 2014, 3,880 health insurance policies were provided, with total medical insurance costs of US$1,464 726.

Plans for 2015

	LTIFR	HC
Taparko	1.36	2
Lefa	0.61	2
Bissa	1.01	2
Aprelkovo	1.86	2
Berezitovy	1.04	2
Neryungri	2.07	3
Suzdal	1.53	3
Buryatzoloto	2.62	14
Irokinda	2.61	6
Zun-Holba	2.70	8
Nordgold	1.24	23

In 2015, Nordgold is planning to bring down LTIFR rate by almost 20% compared to 2014, with optimal LTIFR rate of 1.10.

We adhere to our strategic objective – Zero fatalities at all Nordgold mines and operations and plan to do everything we can to avoid any fatalities in future.

Environment

Our approach

Mining is an invasive activity that consumes power, produces waste and involves a variety of chemical and physical processes. At Nordgold we are committed to minimize these impacts. We believe that environmental protecting and operational efficiency go hand in hand. Activities should not be carried out if it can lead to high probability of environmental accidents.

We adopt a comprehensive approach to reducing our environmental footprint which includes several priority areas that the Group builds its environmental initiatives around:

- Identifying, assessing, and managing significant environmental risks.
- Establishing clear environmental objectives aimed at improving performance.
- Implementing, maintaining and regularly testing emergency response plans.
- Compliance with applicable laws and regulations of the operations areas.
- Implementing of Environmental management system as an integral part of the whole operational system.

Nordgold aspires to follow international standards, such as ISO 14001, and has established the Environmental Management System, which serves as the foundation for the systematic evaluation and control of significant environmental issues.

Environmental Management System

The Environmental Management System is a part of the Nordgold Business System, company's wide set of improvement projects. We aim to improve all our management systems continuously, including our environmental management system, to define environmental requirements and to achieve all our objectives. We provide our managers and supervisors with the authority and resources necessary to implement all necessary environmental standards and practices.

Nordgold adopted the Environmental policy in 2014. It contains seven environmental principles of managing the environmental impact of our operations.

Thus Nordgold mines integrate environmental concerns into everyday practices and priorities, while considering and evaluating new project plans and designs. Nordgold considers the requirement for environmental stewardship at all stages of exploration, development, operations and closure.

We are committed to continuous improvement of our environmental performances, in this regard; thus a Corporate Environmental Management System was developed. We routinely monitor our environmental performance through inspections, reviews and audits to ensure that environmental risks are identified and mitigated to minimise the potential impact.

Compliance with environmental regulations and operation's permit conditions is a core principle to ensure sustainable operations. Nordgold strictly follows all the rules of national environmental legislation in the countries of operation.

We also provide the maximum of transparency: all environmental data are available, and we discuss environmental awareness with our employees and contractors. Our Russian mines (Aprelkovo, Berezitovy, Buryatzoloto, Neryungri) and Suzdal in Kazakstan participate in Interfax-ERA rating of Russian companies ecological efficiency.

Corporate Environmental Management System complies with legislative requirements of the countries where Nordgold operates.

Our Environmental Management System includes the detailed assessment of environmental impacts, pollution prevention, reduction of greenhouse gas emissions, the sustainable use of energy and natural resources, and the minimisation of waste.

Therefore key focus areas include the management of water, improving energy efficiency, land management and biodiversity, reducing waste, reducing carbon emissions and managing dangerous substances.

Aligned with our approach to introduction of a Company-wide shared health and safety culture, we are developing a culture of environmental awareness. Concurrently, we invest appropriately in improvements of our equipment and facilities, develop and train due to operating standards and processes that help to prevent the re-occurrence of environmental incidents.

Managing dangerous substances

In gold industry, mine pits and underground workings, overburden piles, tailings impoundments and spent leach piles are all potential sources of environmental contamination.

That is why the thorough management of dangerous substances is one of our priorities.

Nordgold employs several methods to manage dangerous substances and to clean emissions discharged into the atmosphere during the working process.

- In laboratories and crushing systems we remove 95% of dust in the air in suction systems using cyclone machines and treating the air within the suction systems themselves.
- Our scrubbers are 95% effective in treating hydrocyanicacid, hydrogen chloride, and alkalis. During the treatment process caustic soda absorbs 5-10% of gas, and then needle punched filter felt absorbs prussiate products.
- Cyclone machines in bunkers, laboratories and gold processing plant's main campuses treat the air from ore dust and absorb carbon with a 95% efficiency rate.

Cyanide consumption in 2014

Business unit	Cyanide, Ton		
	2012	2013	2014
Aprelkovo	861.6	915.18	505.4
Neryungri	NA	NA	NA
Suzdal	1,652.2	1,246	1,225
Buryatzoloto	NA	NA	NA
Berezitovy	836.70	980.60	1,024.25
Taparko	NA	NA	NA
Lefa	3,033.93	2,653.0	2,629.00
Bissa	NA	NA	1,152

Improving energy efficiency

The mining industry is a major energy user and being a gold mining company we are constatly focusing on both energy efficiency measures and cost-effective ways of generating power. We continue to run the Countdown-to-Five energy efficiency programme at the Lefa mine, which is aimed at reducing the number of fossil fuel electrical generators used at the site from eight to five. We have made significant progress in reducing fossil fuel consumption and in improving energy efficiency.

Energy consumption in 2014

Sources	MWh
Electricity generation	278,176
Electricity consumption (including local generated energy and energy consumption from conventional power grid)	596,109
Heating	146,708

Managing water

Water is both one of the main resources for our industry and an important consideration in environmental protection. We use a circulation method in all our operations for water processing, and we do not discharge water into local rivers or canals. Instead,we recycle water from our gold processing plants. Clean, fresh water is used only to compensate the evaporated water. We monitor compliance with applicable regulations at:

- The sources of pollution.
- Borders with residential areas.

In 2014 Nordgold continues to carry out initiatives in Russia and Kazakhstan, where we are upgrading the waste water treatment processes, and installing new treatment systems and surge and precipitation tanks.

Our approach to water management goes beyond the in-house water management programmes. We also seek to make a positive impact on local communities, where the issue of water can be of the highest importance. In our African regions, water is a scarce resource. Taparko and Lefa are located in a semi-desert zone – which means that for some people there, water has more value than gold. We support communities by providing water basins in local areas during particularly dry times of the year (for more information see Communities).

Total potable water consumption in 2014

Business unit	th.m^3
Aprelkovo	217.79
Neryungri	129.03
Suzdal	721.7
Buryatzoloto	477.68
Berezitovy	583.8
Taparko	2,870
Lefa	4,632
Bissa	2,241
Total	11,873

In 2014, the ASTERA process of «Gold Fields» was implemented at mine Suzdal in order to remove effectively thiocyanide and cyanide from clarified water of cyanide tailing dump. So far, the water cycle from the cyanide tailing dump was not carried out. It will allow involving up to 200 m3 of treated water in the water cycle, reducing thereby the consumption of fresh (underground) water.

Land management and biodiversity

Land use management is an important environmental issue for the Group, as we understand that mining can significantly change the use of land in a region. We strive to minimise our environmental impact on local biodiversity. Each year we initiate the replanting of thousands of trees, shrubs and other vegetation in African operating areas to help the land recover and return as near as possible to its original condition. For instance 12 000 trees were planted for reforestation campaign at Bissa mine in 2014.

Reducing waste

Both surface and underground mining produces significant amounts of waste. We manage mining waste by using the best available technology for waste removing. All mining waste is disposed of in an environmentally responsible way.

In addition to managing mining waste we are also concerned about general waste, such as plastic, food waste, cans and paper. Our short-term target is to eliminate the use of plastic bottles. In 2014 we continue replacing plastic bottles onsite with treated-water coolers and personal, reusable drinking containers.

Non-mineral waste

	2012	2013	2014
Tires, tons			
Aprelkovo	76.0	76.0	72.0
Neryungri	50.1	76.6	29.5
Suzdal	-	-	56
Buryatzoloto	36	36.1	36.5
Berezitovy	20.0	24.5	47.28
Taparko (Somita)	NA	NA	NA
Lefa (Crew Gold)	NA	NA	NA
Bissa	20	100	320
Steel scrap, tons			
Aprelkovo	5.0	46.2	95.04
Neryungri	381.985	471.3	176.6
Suzdal	122	106	59
Buryatzoloto	27.4	27.4	27.0
Berezitovy	216.21	369.70	425.98
Taparko (Somita)	NA	NA	NA
Lefa (Crew Gold)	NA	NA	NA
Bissa	7	12	15

Ecological investments and payments

Our goal is to have zero major environmental incidents. Nordgold strives to improve its processes and equipment continuously, leading to improved environmental performance results and risk management.

In 2014 we made 42KUS$ payment for several insignificant non-compliance with environmental laws and regulations.

Environmental expenditures by BU in 2014

Business unit	Units	Current expenditures on environmental protection	Investments in environmental protection
Aprelkovo	KRUB	2,449	0
Neryungri	KRUB	1,100	1,500
Suzdal	KRUB	3,509	0
Buryatzoloto	KRUB	1,375	43,209
Berezitovy	KRUB	NA	0
Taparko (Somita)	US$	NA	NA
Lefa (Crew Gold)	US$	NA	NA
Bissa	US$	95,000	NA

* Berezitovy inventored ferrous and nonferrous metals together.

Communities

Value of Community Relations

We value the trust of all our stakeholders and strive to create a positive working environment founded on respect to people, cooperation, reciprocity, transparency and responsibility. We believe that only a socially responsible business that operates with full cooperation from all stakeholders can deliver success and long-term returns to investors. Thus, we consider mutually beneficial community relations as an important part of the Nordgold business strategy.

Collaboration between local communities, authorities, non-profit organisations and the Group improves our understanding of important issues and our ability to address them. As a result, we contribute to the development of the operation areas with a clear awareness of how to make programmes most effective in each specific area.

Community relations management

In 2014, we adopted corporate Community Relation Policy, which described our position and our principles towards an approach, regional specific, partnership, monitoring, reporting, openness and transparency of community relations.

In accordance to the Policy our approach to community engagement focuses on three key priorities: education, health and economic empowerment - all central to our core business values - as well as corresponding to the basic community needs in specific regions of operation.

Education	Building and renovating of educational infrastructure. Student scholarships awarding.
Health	Health support for local population. Ambulance service improvement and medical equipment upgrade. Promotion of sports. Specific regional needs: Active support of anti-malaria program. Ebola precautionary measures;
Economic empowerment	Promotion of opportunities to start up and manage enterprises by locals. Support farming and ranching, tissage and joinery. Drinking water supply to residents and water-pumping equipment to local farmers. Supporting indigenous people.

In order to improve the efficiency of the Policy implementation there were number of activities aimed to change the regulation of programmes execution during 2014, as well as to clarify the distribution of responsibility between BU and HQ. Eventually special Authority limits Manual was specified for the function and the Sponsorships and Charitable Donations Registers started in 2013 had been continued in 2014 – first time for the whole year.

Our management approach to community engagement depends on the region of our operations because the special features and community needs in Africa, Russia and Kazakhstan differs. In each of regions of operations, there are people involved into community relations management (at African BUs, we have established special positions responsible for community relations management; at Russian mines and Kazakhstan, this function is carried out in line with communications). This allows the mine administration to implement and monitor the Group's social activities. Community relations teams from every BU work out projects for corresponding regions in the collaboration with HQ management. Operational management, planning and control of the projects at HQ level are carried by Head of Internal Communications and Sustainable Development Projects. Safety and Sustainable Development Board Committee approves corporate documents devoted to community relations and discuses key issues of community relations.

Large Community relations team at African mines is explained by a high number of settlements in close proximity to the mines. In order to organise an effective decision-making process at a local level at African mines, we have set up special Community Committees, which include mines employees and representatives from each village and local authority.

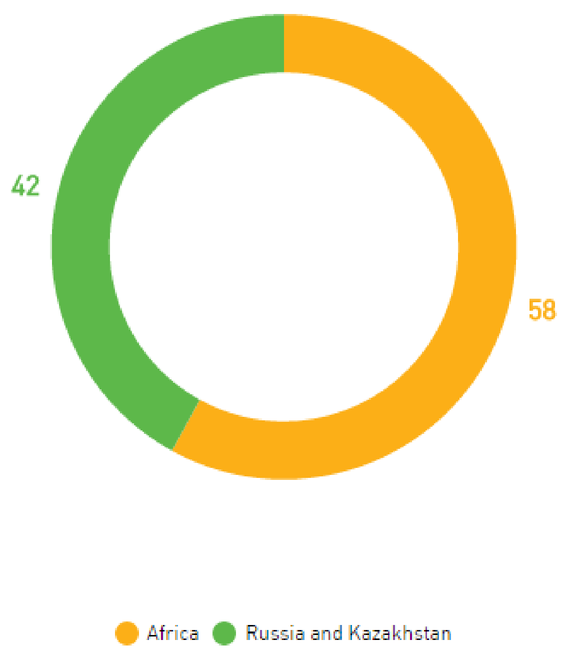
Russian mines (Aprelkovo, Neryungri) and Suzdal (Kazakhstan) apply on socio-economic partnerships and cooperation agreements with local administrations as another method of providing and ensuring a positive contribution to developing local communities.

In 2014, we started the process of transition from the practice of material aid on demand for solving pressing problems at Russian mines to the project approach on the basis of partnership and annual plans aimed at long-term changes. Significant assistance is provided by our partners, including such as UNICEF and the Russian children's Fund.

Performance

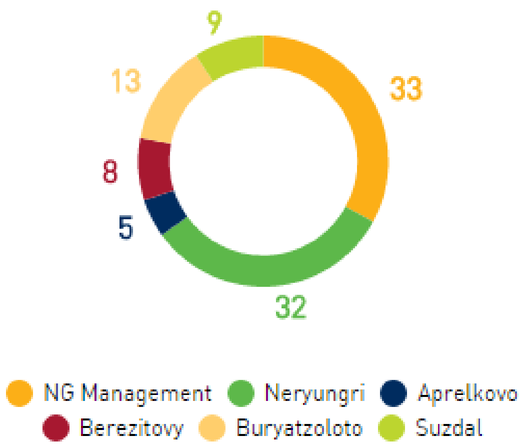
In 2014 Nordgold spent approximately US$ 634,000 in total on improving social conditions, developing operational potential, and supporting educational, health and sports infrastructure in regions of operation.

Structure of Nordgold's charity budget by region

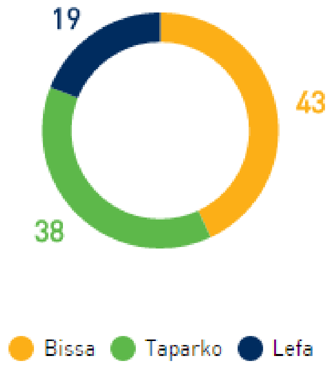


In 2014 the Group charity budget for Russian mines and Kazakhstan was US$ 269,000.

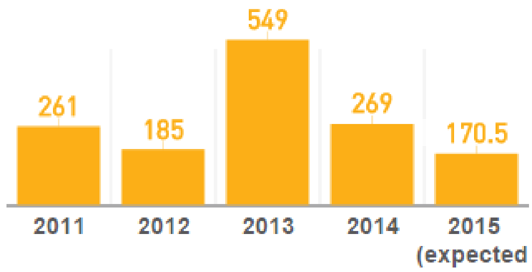
Structure of charity budget by NG Management, Russian mines & Suzdal in 2014, %



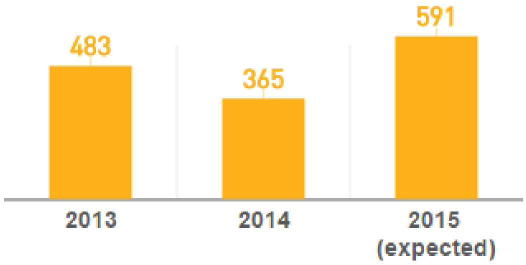
Structure of charity budget by African mines in 2014



Dynamics of charity budget in Russia & Suzdal: 2011, 2012, 2013, 2014 and 2015 (plan), US$000



Dynamics of charity budget in Africa, 2013, 2014 and 2015 (plan), US$000



In 2014 the Nordgold's community investing in Africa constituted US$ 365,000 including projects and activities on three African mines.

Communities Relations in Africa

Africa continues to be a challenging region for business. The Group's African mines located in Burkina Faso and the Republic of Guinea currently operate in difficult economic and social circumstances. Such challenges require a synergy of action, by strengthening the capacities of those involved in the field and coordinating programmes with effective monitoring via dynamic partnerships and the mobilisation of resources, in a collective effort which includes stakeholders at all levels. The greater level of support for Bissa and Taparko is explained by a high number of settlements in close proximity to the mines.

Nordgold's community developing programmes implemented in African countries are focused mainly on helping local communities to meet their basic life needs such as health care and access to clean water. Hence, special attention is paid to programmes aimed at increasing the well-being and educational level of the local population. We also help local people deal with extreme natural events, which impact their livelihood, such as floods and poor yield from crops, Ebola virus disease.

We have a long-term community development programme in Africa that enables each of our African mines to develop and manage their own plans and budgets for social purposes.

In order to manage continuous dialogue with local communities in Africa, we have set up special Community Committees, which include mines employees from Community Relations team and representatives from each village and local authority. The regular work of these teams includes regulation and management of complaints from communities, mandatory monitoring of the efficiency of all implemented projects, involving communities into developing future plans.

The newly highlighted event for African community relations in 2014 is the Lefa Agreement with Unicef & local authorities.

Social investment programs at Bissa (Burkina Faso)

The Bissa mine area is high populated for the country. Total amount of villages in mining, dam, road deviation areas of Bissa mine and Gougre project constitutes 19 villages with more than 20 thousands people living there in 2014. In 2014 about US$156,000 was spent for community development projects and initiatives.

Economic empowerment	Micro-Credit Project. Soap Production Project. Dyeing and weaving. Breeding pigs and sheep. Gardening
Education and training	Adult literacy. Training of young people in trades. Support of food for schools and textbooks for children. Competition excellence in primary school.
Health, safety and sport	Campaign testing and the fight against AIDS. Prevention campaign against Ebola. Support in medical-sanitary materials. Support of the Burkinabe football federation. Sponsorship of sports in primary school.

Case study: Microcredit

Bissa has signed a partnership agreement with the Regional Union of Banks of Bam (Bam-URC) to finance micro-credits to women of the villages in the rural district of Sabce Department in the North Central Region. For the first phase, the following villages have been taken into account: Bissiguin, Bissa, Imiougou, Zandkom and Gougla.

Several income-generating activities including farming and small businesses are selected by both partners to be funded. The amounts granted are US$50 to US200, depending on the chosen activity. The repayment period is eight months for livestock and up to twelve months for small business with an annual interest rate reduced to ten percent.

Before participating in this project, the registered women were educated and trained. In 2014, 77 women got the credits. The programme was evaluated as productive by the Sabce Community Committee and it is planned to be prolonged in 2015.

Case Study: Soap Production, Dyeing and Weaving

Bissa Gold Company provided the opportunity to over one hundred women to learn a trade and become integrated into working life.

135 women from the villages of Bissa, Imiougou, Zandkom, Bissighin and Sabce Department were trained in the process of how to manufacture soap, which enabled them to begin production and marketing of their product through staffing equipment and raw materials. The cost of the project in 2014 was estimated at US$19,000. Eighty women in the same villages have benefited from dyeing and weaving training and from an endowment of production equipment. The project in 2014 cost was US$16,000.

Case Study: Drinking water as the basic need

Apart from the dam to supply mine water at a cost of over US$7 million, Bissa has made 7 boreholes for new villages and a current water tower run for the village of Bissa, for a total cost of US$134,000. Bissa has also undertaken the completion of 7 new wells in the town of Sabce Department, as part of the deviation work of the National Road No. 22. These realisations have helped more than 5,000 persons of villages Bissighin, Bissa, Imiougou, Zandkon to have access to safe and clean drinking water.

Resettlement in Bissa area

An ideal exercise recovery would be realised when, following a displacement, displaced populations experienced no material loss, cultural, social or psychological compared to initial living conditions. Thus, we consider resettlement not only the matter of compensation, but also the matter of education, employment, healthcare, managing environmental impact and building new infrastructure.

Nordgold discusses all activities concerned resettlement with local governments, mayors and representatives of local communities.

In 2014 Bissa did not make physical displacement of population and it is not expected to have people displacement in 2015. Though, cemeteries and sacred places at Guibaré, Zaona and Gougre were moved; compensation was given for the loss of the fields. In this region, Bissa did not make social infrastructure in 2014, but delivered to the official authorities a new school of Kokoundi, which was flooded in 2012 and rebuilt by the company in 2013.

Social investment programs at Taparko (Burkina Faso)

Totally provided by Taparko US$126,000 was spent during 2014 for community development projects. US$36,000 was spent on building houses for teachers at a primary school of Bouroum.

US$ 86,000 was spent on building houses for nurses at Bouroum, organising an important training for women in Bouroum, Nagbingou, Ritkuilga and Kouini, donating medicines against malaria and offering a new ambulance to Bouroum Department.

US$4,000 was spent on supporting local initiatives from associations, NGOs and authorities.

Case study: Wide campaign against malaria

In 2014 Taparko decided to support the hospital centre of Bouroum, Nagbingou, Yalgo and Taparko with medicines against severe cases of malaria mainly for the women and children from zero to five years old. The social action took place at the beginning of the rain season (June). The Company Management insisted on that all these medicines had to be given to the poor patients and the monitoring register was opened in the health centre for this purpose. 300 people received that gift and lives were saved, reducing the mortality due to malaria in these areas. This beautiful experience brought Taparko to the plan of resuming this type of donation in 2015. Over US$3,230 have been invested for this action.

Case study: Supply of drinking water at Taparko village

In 2014 Taparko decided to increase the volume of drinking water provided from the mine to the village. So, 5 m^3 of drinking water is now draining to the village daily in order to satisfy their basic need in clean water. Some studies have been engaged by the environmental department to see how this volume could be increased in the future.

Case Study: Training on breast cancer detection

Breast cancer is a silent disease that ravages currently in Burkina Faso. This is due to the lack of information about the disease and the impossibility for the women to discover the attack in time. That is why in 2014 Taparko financed the training of 200 women on this disease at Nagbingou, Kouini, Ritkouilga and Bouroum. They learned how to make early detection of this cancer by the technique of self-examination. The nurses of the health centres of these localities after the training continuously monitor women' health. Cases of women with breast cancer were identified and they were transferred to Boulsa for further investigation and early care. Over US$5,280 have been invested for this training.

Social investment programs at Lefa (Guinea)

In 2014 the Group allocated approximately US$83,000 through the Lefa mine in Guinea to social development projects for local communities in the frame of newly signed Partnership Agreement.

Case study: Partnership Agreement with UNICEF and Local Communities

On August 18, 2014 the Company signed a Partnership Agreement for two years – 2014 and 2015 - within the Lefa mine with UNICEF, local authorities and communities of Siguiri (Siguiri Prefecture and the Kankan Governance region) and Banora jurisdiction of (Dinguiraye Prefecture and Faranah Governance region) . The total sum for future projects implemented during two years in two regions and supported by three parties will be about US$518,000.

As part of the Agreement, the tripartite partners planned mainly focused on building healthcare infrastructure, the distribution of health kits, supporting HIV and malnutrition treatment among vulnerable groups (especially children) as well as providing access to clean water and the support of basic education for children and the protection of children through the promotion of birth registration. Similarly, support will be provided to the local governance development of Dinguiraye and Siguiri through the training of municipality representatives in the performance of basic social services.

Due to this Agreement, the social tax paid by the Company to the local authorities in line with the law will be directed towards particular projects, giving Nordgold more visibility on the social impact within the region and contributing in more stringent controls of cost associated in sustainable development which are being implemented. 2014 Lefa payments of the local tax for Siguirini and Dinguiraye totaled US$256,000.

The three parties developed the Partnership Priority Areas Action Plan, determining future projects and activities in more detail. The Steering Committee was established to review the mechanisms to effectively manage approved project activities resulting from this Agreement initiative. The Ebola virus made changes in the Action Plan as according to the decision of the Steering Committee the first projects for 2014 were dedicated to hygiene equipment support of the medical centres and local communities and a wide educational campaign on the prophylaxis measures and safeguards in everyday life conducted to the local communities by Lefa Community relations team and doctors from the local medical centres.

Case study: EBOLA prevention

The most widespread epidemic of Ebola virus disease (EVD) started in West African countries, in tropical rainforest environments, in 2014. First case was reported in Guinea in March 2014. EVD is a severe, often fatal illness in humans, which outbreaks have a case fatality rate of up to 90%. To date the rate of this particular strain from this outbreak stands at approximately 60%, still a very high death rate.

Ebola Prevention and Management Plan (EPMP) outlines the structure of the Ebola disease management system, which has been implemented for Lefa mine. Lefa has also worked out a case management emergency response, which implies actions to be taken if probable case/suspected case/confirmed case are detected within the perimeter of the mine site.

During 2014 HSE staff had and continue in 2015 to conduct Ebola awareness sessions with all of the departments to remind the employees on the safeguards and preventive measures which have been advised and instituted.

Also according to the *Ebola Prevention and Management Plan* the following risk management actions were done at Lefa mine in 2014:

- As high-quality hygiene is considered to be the most effective means of preventing the spread of the virus, a total of 42 washing stations have been set up at various strategic areas of the site, including roads leading into the area, and public accesses.

- Electronic thermometers have been purchased and are also being utilised by taking the temperature of people coming into the area by re-enforcing check points of all entries leading into Lero and surrounding villages.
- Information is being distributed to all employees on the importance of continuing with hygiene measures, this is done in both the French and English languages.
- HSE and medical staff are working on practical training simulations in implementing the management protocol.
- Levels of hygiene are being monitored closely at the Fayalala and Base Vie accommodation camps, where management, senior Lefa employees and vistors are lodged.
- Community and industrial relations are an integral part of awareness campaigns with the local population working together with the local authorities.
- Everyone in the area is informed of what Ebola is and the consequences it could have on the operation if detected in our area.
- All meat products are imported.
- Information on Ebola is also available on the shared drive for employees with computer access, which was created in March of 2014.
- Information flow and contacts details of key stakeholders are included in the *Ebola Prevention and Management Plan*; in the event that a case is reported in the area the information will be communicated through appropriate local authority channels to avoid rumours from spreading.
- Weekly updated reports are used to sensitise the workforce.

For reporting period of 2014 there has not been any probable/suspected case or confirmed case detected within the perimeter of the mine site.

Community and Social Development in Russia and Kazakhstan

Community engagement in Russia and Kazakhstan requires a different approach to that used in African countries, and includes programmes aimed at developing community capacity.

At Russian and Kazakhstan mines, charitable programmes have been traditionally focused on projects in social sector, such as education and upbringing of children and youth, infrastructure development, support for the disabled and veterans, assistance to children from socially disadvantaged and low-income families, etc. Every year each Russian mine and Suzdal mine in Kazakhstan support the World War II veterans of the region not only with the 9 May congratulations, but also try to give a support in an every-day life, especially for those who are single.

In this region we provide and ensure a positive contribution to developing local communities through implementing agreements on socio-economic partnerships and cooperation with local administrations. For instance, Neryungri (Russia, Republic of Sakha (Yakutia), Aprelkovo (Russia, Zabaikal region) and Suzdal (Kazakhstan) implement various programmes under such agreements to facilitate the long-term socio-economic development of local territories and communities, including indigenous people (the “Tyanya” aboriginal tribal community in Yakutia) and to provide appropriate conditions for the operational and financial growth of the mines.

At BUs in Russia and Kazakhstan, there are people responsible for communications and charity programmes (one person for Russian open-pit mines, one for Buryatzoloto and one for Suzdal). Company’ mines here are located far away from residential territories, thus, our sponsorship and charity activities in Russia and Kazakhstan are related to the closest village, all other activities are based on regional principle.

Social development activities carried out and results obtained in 2014 by mines in Russia and Kazakhstan

Education and culture	Providing aid to orphanages. Assistance to children from socially disadvantaged, low-income families. Supporting the World War II veterans of the regions. Material aid for renewal of the church (Neryngri). Material aid for renewal of the administrative building of Ikabyinskoye rural settlement (Neryungri).
Health, safety and sport	Purchase of specialized medical equipment for children affected by thermal injury (Berezitovy). Purchase of sports equipment for local schools. Partnership programs aimed at supporting rural schools.

Case study: Social bell (Berezitovy mine)

The Project aims to provide social infrastructure to the Skovordino region remote settlements. Targeting social vulnerable groups of poor families invited specialists will provide medical and psychological examination for children, fix the situation in the families for social agencies etc. Subsequently the local administration will proceed with the social support for these families. The Company has been participating in the Project for the third year running along with the local authorities (Skovorodino region & Ministry of health of the Amur region administrations) and NGO (Russian Children Fund).

In 2014 four remote communities were covered within the programme. During the visits to the villages, doctors from leading regional clinics have held a comprehensive survey of the children from most vulnerable population categories. The focus was on children from low-income large families.

In addition Nordgold has allocated money for the purchase of complete sets of children's winter clothing. Almost 90 children from low-income families received a humanitarian aid in the form of new warm clothes.

Also the children in need were sent to regional hospital of regional centre Blagoveshchensk. Berezitovy paid for expensive train trips of those children and accompanying. Due to these 12 children went to hospitals for further treatment.

With this action, families from remote villages received assistance, which could hardly be expected without external support and partnership efforts.

Case study: First school-bag (Berezitovy)

Together with the Ministry for natural resources of Amur region and Amur office of Russian Children's' Fund, we have been supporting children from poor families of Skovorodino area for three years already. This is the only way to these children to be prepared for going to the 1st form. In 2014, we spent RUB 150,000 for this programme.

Case study: Indigenous people support (Neryungri)

In 2014 three long-term socio-economic cooperation agreements were concluded between Nordgold and the Republic of Sakha (Yakutia) local authorities.

In accordance with these agreements, indigenous people undertake to promote the conditions for the development of Nordgold activities in this area, and Nordgold undertakes to provide them with material support. Most of the costs for the charity in this region are made under these long-term agreements.

In 2014 the following assistance was provided: provision of food essentials to the herders; purchase of a car and fuel for socially important purposes; current repair of socially important facilities; purchase of children's playgrounds.

Targeted help was provided to the following communities:

- Municipal District "Olyokminsky District" of the Republic of Sakha (Yakutia);
- Municipality "Tyan national nasleg";
- The “Tyanya” aboriginal tribal community.

Case study: Pro bono (Neryungri)

The remoteness of Russian mines causes some kinds of support we provide. Thus in 2014 Nordgold spent approximately RUB 185,000 and 4 flight hours on transportation home the boarding school children by helicopter. In May 2014 the weather and road conditions made helicopter the only possible way of moving between the two remote places.

Case study: Development of rural settlements (Buryatzoloto: Irokinda and Zun-Holba)

The preparatory work was done in 2014, though the project implementation is planned on 2015. That will be the first year project which aims to develop programme of economic and social support to the region. The Company works at the Project in partnership with the local authorities (administrations of two regions – Okinsky & Muisky) and local NGO (Fund of local settlements).

Case study: Helping children (Suzdal, Kazakhstan)

For many years the focus of Suzdal charity was supporting children in difficult life situations, including the aid to children in local orphanages. In 2014, 2 students from the nearest village Karasy got scholarships to continue their high education in the universities. Suzdal provided assistance to several medical and educational kids’ institutions, orphan houses in the form of household appliances, winter clothing and footwear, creative kits, toys, strollers, sports equipment, sports uniforms and children's books.

Case study: Developing education in geology (Nordgold Management)

The only support from the Management Company was given to Russian State Geological Prospecting University. That is the biggest specialised university in the country that trains geology professionals (US$86,000).

Governance

Corporate Governance Summary

We are fully committed to transparency and high standards of corporate governance. As a company with a GDR listing on the LSE, we aim to achieve the same standards of governance required for a Premium Listing. Our efforts are aimed at achievement of the highest levels of corporate governance, as well as nearly full compliance with the UK Corporate Governance Code and the Dutch Corporate Governance Code. Our Board is also committed to the highest levels of integrity and ethics in the conduct of its business.

Nord Gold N.V. has a strong Board, led by an independent Chairman and also comprising two further independent non-executive directors. This Board consists of international mining executives and experts, who oversee our management processes, identify material risks and ensure that the necessary risk management and internal control systems are in place. In 2014 the composition of the Board of the Company (the "Board") was changed. This will help Nord Gold N.V. to be more efficient in terms of meeting strategic objectives, and improve profitability and the growth of gold production.

We endeavor to continuously enhance our corporate governance procedures, so as to maximise shareholder value, ensure long-term business prosperity, and maintain the trust and goodwill of the Company's stakeholders.

Detailed information on our corporate governance practices can be found in the corporate governance statement.

For detailed information on the Board and Senior Management team biographies, see "The Board of the Company and Committees" section.

Directors' Report

The Integrated Report includes the Annual Report and Financial Statements for the year ended 31st of December 2014, which have been audited by Deloitte Accountants B.V., and have been prepared in accordance with applicable law and regulations and give a true and fair view of the state of affairs and the profit or loss of the Company and its subsidiaries, joint ventures and associates. The financial statements were prepared using accounting policies which comply with International Financial Reporting Standards.

The following sections of this Integrated Report together form the management report (also referred to as annual report or "jaarverslag") within the meaning of section 2:391 of the Dutch Civil Code:

- Strategy;
- Financial performance (MD&A);
- Directors' report;
- Corporate governance statement;
- Remuneration report;
- Risk Management (included under Governance and People).

For other information "overige gegevens" within the meaning of section 2:392 of the Dutch Civil Code, please refer to the subsection "Other information" in the company only financial statements.

The Board is responsible for the preparation of the annual report under Dutch law, which includes presenting fairly the consolidated financial position and financial performance of the Group in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS).

Management has designed and implemented an effective system of internal controls in respect of the Financial Reporting process, in particular comprising of:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Maintaining statutory accounting records in compliance with the legislation and accounting standards in the jurisdictions in which the Group operates;
- Taking steps to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregulariti

The above internal control is subject to review by the Audit Committee.

This 2014 Nordgold Integrated Report dated April 28, 2015 (the Integrated Report) comprises of regulated information within the recommendations of sections 1:1 and 5:25c of the Dutch Act on Financial Supervision "Wet op het financieel toezicht".

For the consolidated and the company only 2014 financial statements (also referred to as annual account or "jaarrekening") within the meaning of section 2:361 of the Dutch Civil Code, please refer to the financial statements. The members of the Board have signed the 2014 financial statements pursuant to their obligation under section 2:101, paragraph 2 of the Dutch Civil Code.

Principal activities and business review

Nord Gold N.V. (the "Company") and its subsidiaries (together referred to as the "Group") comprise of a Dutch public limited liability company, as referred to in the Dutch Civil Code and companies located abroad.

The Group's principal activity is the extraction, refining and sale of gold. It has mining and processing facilities in Burkina Faso, Guinea, Kazakhstan, the republic of Buryatia, Yakutia, Irkutsk, Amur and the Zabaykalskiy regions of Russia.

A full review of the year's activities and details of current and future projects are given in the Group overview and Performance results' sections.

Details of the Group's significant subsidiaries and joint ventures are recorded in Note 24 of the consolidated financial statements.

Results and dividend

Net profit for 2014 was US$123.0 million compared with a net loss of US$199.0 million in 2013 (related to impairment of tangible and intangible assets recognised in 2013).

The net profit of the Company for the year ended 31st December 2014 for the amount of US$98.3 million, as shown in the Company's financial statements included in the Integrated Report, shall be added to the reserves in compliance with article 23 paragraph 3 of the articles of association of the Company and therefore be added to the "retained earnings", which shall be discussed at the 2015 Annual General Meeting.

The Company declares quarterly dividends subject to the Company's financial state, need for investment and availability of funds. The aim, going forward, is to maintain a long-term average dividend payment ratio of approximately 30% of the average net profit attributable to shareholders, and calculated in accordance with IFRS. The Company's ability to pay dividends and to receive dividends from subsidiaries may, however, be restricted by applicable law. The dividend policy was discussed at the 2014 Annual General Meeting as part of the annual report discussion item. The dividend policy will also be discussed as part of the annual report discussion item of the 2015 Annual General Meeting.

In 2014, the Company paid interim dividends of:

- 3.64 US cents per share or per GDR for Q3 2014 for the total amount of US$13.7 million;
- 3.81 US cents per share or per GDR for Q2 2014 for the total amount of US$14.4 million;
- 1.53 US cents per share or per GDR for Q1 2014 for the total amount of US$5.8 million.

In February 2015 the Board approved an interim dividend of 1.33 US cents per share or per GDR in respect of the three months ended 31st of December 2014, representing a total pay-out of US$5.1 million, which was paid on the 20th of March 2015. Total dividends for the four quarters of 2014 was 10.31 US cent per share or per GDR and the total pay-out was US$39 million (total dividends for the year ended 31st of December 2013: US$29.7 million or 7.86 US$ cents per share or per GDR).

The Board proposes that the General Meeting adopts the financial statements for the financial year 2014 at the 2015 Annual General Meeting.

The total amount of dividends paid in 2014 amounted to US$39.3 million and comprised of US$5.4 million of dividends for the three months ended 31st of December 2013 and US$33.9 million of dividends for Q1-Q3, 2014.

We remain focused on continuing to deliver a dividend to our shareholders.

Principal risks

The Risk Management section details the principal risks facing the Company, their potential impact on its performance, and how the Company mitigates these risks.

Risks associated with the Group's use of financial instruments include credit risk, liquidity risk and market risk. Information about these risks is set out in Note 25 of the consolidated financial statements.

Share capital and significant shareholders

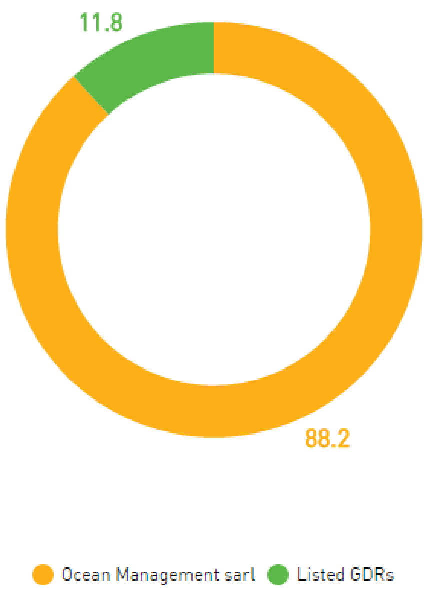
In December 2014, the Company acquired a 7.7% interest in OJSC "Buryatzoloto" in exchange for 2,876,335 newly-issued shares of the Company, increasing the Company's ownership interest to 92.6%. As a result, the Company's issued share capital amounts to EUR 952,495,725, consisting of 380,998,290 shares with a nominal value of EUR 2.50 each, on 31 December 2014.

As of the 31st of December 2014 the Company has 61,938,365 GDRs listed on the London Stock Exchange, representing approximately 16.3% of the issued share capital.

As of the 31st of December 2014, Alexey Mordashov remains the ultimate controlling party, holding approximately 88.2% of the issued share capital of the Company.

As far as the Directors and Senior Management are aware, as of the 31st of December 2014 there is no other person who has, directly or indirectly, a 3% or more stake in the Company's issued share capital or any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company.

Shareholder structure



Employment policies and communications

Details of the Group's employment policies, approach and community engagement can be found in the Sustainability review section.

Significant relationships and related-party transactions

Purchases from entities under common control were the following:

	2014	2013
Purchases	-	-
Operating expenses	3,867	10,631
Capital expenditures	15,339	3,952

As of the 31st of December 2014, balances with entities under common control included accounts payable of US$ 4.1 million (31st of December 2013: US$ 4.2 million), which are to be settled in cash.

Corporate governance

GDRs of the Company were admitted to trading on the LSE on the 19th of January 2012. Although the UK Corporate Governance Code does not apply to GDRs, the Company is committed to the highest standards of corporate governance and has chosen to act as if it were a premium-listed entity on the LSE and, therefore, subject to Dutch and UK Corporate Governance Codes.

Full details of the Company's corporate governance arrangements are contained in the Corporate governance statement.

The information concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports (*Vaststellingsbesluit nadere voorschriften inhoud jaarverslag*) (the "Decree I"), includes the information detailed below, which is required pursuant to articles 3, 3a and 3b of the Decree I. This information is included in the Integrated Report:

- the information concerning compliance with the Dutch Code;
- the information concerning Nordgold's risk management and control frameworks relating to the financial reporting process;
- the information regarding the functioning of general meetings of shareholders, and the most important powers and rights of shareholders;
- the information regarding the composition and function of the Board and its committees; and
- the information concerning the inclusion of the information required by the decree article "10 European Takeover Directive".

Annual general meeting ("the AGM")

The AGM of the Company is scheduled to be held on 15 June 2015 at 10.00 am at Strawinskylaan 10, 1077 XZ Amsterdam, the Netherlands, and needs to be held no later than the 30th of June 2015. At the 2015 AGM, a progress review will be given for the business over the last year. Shareholders are encouraged to attend the meeting and ask questions. The business will include, as discussion items, the annual results and the proposed resolutions regarding the adoption of the Integrated Report 2014 and the amended remuneration policy, the release from liability and reappointment of Directors, and the reappointment of the external auditors.

Post balance sheet events

Remuneration Policy 2015

On the 13th April 2015, the updated Remuneration Policy approved by the Remuneration Committee was adopted by the Board. The shareholders of the Company will be invited to vote on the Policy on the AGM 2015.

Share capital decrease

In January 2015 an Extraordinary General Meeting (''EGM'') of Shareholders of the Company granted the Board the authority to acquire shares and GDRs, limited to 10% of the aggregate nominal issued capital of the Company through stock exchange trading or otherwise, for a period of 18 months from the date of the EGM and therefore up to and including the 29th of July 2016.

The price for such acquisition ranged between the amount of US$ 0.20 and the higher of (i) one hundred and five percent (105%) of the average market value of the GDRs listed on the London Stock Exchange during the 5 business days immediately preceding the date of repurchase, (ii) the price of the last independent trade of GDRs for shares of the Company listed on the London Stock Exchange, or (iii) the then current independent bid for a GDR for a share of the Company listed on the London Stock Exchange. Acquisition may also be effected by a subsidiary of the Company.

It was also resolved to cancel up to 19,000,000 shares/GDRs repurchased within the granted authority and subsequently reduce the capital of the Company by the cancellation of shares held in treasury.

Buyback programme

With effect from the 24th of February 2015, the Board approved a share buyback programme which is to run until 31 December 2015, to buyback up to US$30 million of shares by value at a maximum price of US$4 per share.

Dividends

In February 2015, the Board approved an interim dividend of 1.33 US cents per share or per GDR in respect of the three months ended 31st of December 2014. Total amount of dividend payable is US$5.1 million.

Auditors

Deloitte Accountants B.V. has been in office as auditor since the year ended 31st of December 2013. The Audit Committee has established a process whereby the proposed provision of any non-audit services by the auditors is considered on a case-by-case basis before engagement is confirmed.

Statement of Directors' responsibilities

The Directors in office at the date of this report each confirm that to the best of their knowledge:

- The financial statements give a true and fair view of the assets, liabilities, financial position and the profit or the loss of the Company and the companies jointly included in the consolidation;
- The annual report gives a true and fair view regarding the position on the balance sheet date, the state of affairs during the financial year of the Company and its associated companies whose information is disclosed in the financial statements, and the principal risks and uncertainties confronting the Company are discussed; and

- The annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

During the year, the Audit Committee conducted a formal evaluation of the effectiveness of the external audit process. After consideration of the tenure, quality and fees of the auditors, the Audit Committee recommended to the Board the reappointment of Deloitte Accountants B.V. as external auditors at the 2015 AGM.

By order of the Board,

Evgeny Tulubensky
Company Secretary

April 2015

Corporate Governance Statement

The Company is committed to the highest standards of corporate governance and has chosen to act as if it were a premium-listed entity on the LSE and hence subject to the Dutch and UK Corporate Governance Codes.

The Corporate governance statement summarises the Company's corporate governance arrangements and its level of compliance with the Dutch and UK Corporate Governance Codes.

Dutch corporate governance code

The Board has reviewed the Dutch corporate governance code 2008 (the "Dutch Code") and supports its best practice provisions. The Board intends to comply with these provisions, except (i) where the Dutch Code cannot be reconciled to the UK corporate governance code (the "UK Code"), (ii) as noted below or (iii) in the event of any future deviation, subject to explanation at the time.

The Company currently complies with the Dutch Code, with the following exceptions:

- Best practice provisions II.2.12a and II.2.13: in view of the confidential or potentially commercially sensitive nature of the information concerned, individual performance targets and achievements relevant for executive remuneration will only be disclosed in general terms.
- Best practice provision III.8.4, which requires the majority of Board members to be independent non-executive directors, is not complied with as only three of the eight members of the Board are independent non-executive directors for the purposes of the Dutch Code. Mr. Mordashov, Mr. Bacchus and Mr. Yelkin are the three non-independent non-executive directors on the Board on the 31st of December 2014. Given the Company's current ownership structure, the Board considers it appropriate that Mr. Mordashov be part of the Board.

The Company has not formulated an outline policy on bilateral contacts with shareholders and published this policy on its website in accordance with the best practice provision IV.3.13. However, the Board has adopted a communications policy setting out how the Company communicates with shareholders (including GDR holders) and how the Board maintains regular and direct contact with such shareholders.

UK Corporate Governance Code

The Company currently complies with the UK Code, with the following exceptions:

- The UK Code recommends that at least half the Board, excluding the Chairman, should be independent non-executive directors. Only two members of the Board, excluding the Chairman, are independent non-executive directors for the purposes of the UK Code. As explained above, given the current ownership structure of the Company, the Board considers it appropriate that Mr. Mordashov should be a member of the Board.
- A Senior Independent Director has not been nominated as the Board is relatively small and there are regular and open communications within the Board and between the Board, management and the majority shareholder. The Board keeps this position under review.
- No performance evaluation of the Board, its committees or individual directors was undertaken in 2014 as there was a material change in the composition of the Board midway through the year. It is intended to undertake a Board evaluation exercise in the second half of 2015 after the Board has been operating in its current format for one year.
- Although the Audit Committee is comprised of three non-executive directors, only two of these are independent non-executive directors.

The full text of the UK Code can be found at the web-site www.frc.org.uk

The Board

The Board is a one-tier board, consisting of executive and non-executive directors. The executive directors and non-executive directors are members of the same body and share the overall responsibility for the management, general affairs, direction and performance of the Company. On the 1st of January 2013, Dutch legislation formalised the one-tier board model in the Dutch Civil Code. Upon this enactment, Section 2:129a of the Dutch Civil Code provides for the statutory basis of the one-tier board.

In line with the Dutch legislation in force since the 1st of January 2013, the articles of association provide that certain directors be designated as executive directors whilst other directors are designated as non-executive directors.

The articles of association provide for the appointment of executive and non-executive directors, with the executive directors responsible for the day-to-day management of the Company, and the non-executive directors responsible for supervising and generally assisting the executive directors.

All duties are, however, subject to the overall responsibility of the Board.

There is a formal schedule of matters reserved for the Board that includes:

- Approving the business strategy, objectives and budget;
- Proposing changes to the Company's capital structure;
- Approving the annual and half year financial statements and other announcements of results;
- Overseeing the Group's risk management and internal control systems and matters of governance; and
- Approving all major capital projects, corporate or related actions and investments with respect to a company in the Group.

There is also a delegated authorities matrix that has been approved by the Board. This defines how certain items of day-to-day management are delegated by the Chief Executive Officer to the management team.

The Board meets regularly throughout the year. At least once a year a separate strategy meeting is held, at which the Board discusses the strategic direction of the Company. To enable the Board to perform its duties, each Director has full access to all relevant information. At the end of each Board meeting, a non-executive director session is held without the presence of the executive directors.

Board composition

The Board is made up of eight directors, of which two are executive directors and six are non-executive directors.

The division of responsibilities between the Chairman and Chief Executive Officer has been clearly established, set out in writing and agreed by the Board. The Board all non-executive directors, other than Mr. Mordashov, to be independent of the management and free from any business or other relationship which could materially interfere with their ability to exercise independent judgement. The Board considers it appropriate that given the current ownership structure of the Company, Alexey Mordashov is a member of the Board.

The following table lists each of the directors:

Name	Position
David Morgan	Non-Executive Director, Chairman of the Board and Chairman of the Nomination Committee
Nikolai Zelenski	Chief Executive Officer, Executive Director

Evgeny Tulubensky	Executive Director
Alexey Mordashov	Non-Executive Director
Roman Yelkin	Non-Executive Director
Peter Lester	Independent Non-Executive Director and Chairman of the Safety & Sustainable Development Committee
Peter Bacchus	Non-Executive Director and Chairman of the Audit Committee
Michael Nossal	Independent Non-Executive Director and Chairman of the Remuneration Committee

On the 30th of June 2014 at the 2014 AGM, Mikhail Noskov and Philip Baum, having not sought re-election, retired as non-executive directors of the Company. Roman Yelkin and Peter Bacchus were appointed as non-executive directors of the Company with immediate effect. Evgeny Tulubensky was appointed as an executive director of the Company with effect from the 30th of June 2014, replacing Sergey Zinkovich who resigned as an executive director on the 14th of May 2014.

David Morgan was appointed as Chairman on the 30th of June 2014 having joined Nordgold as an independent non-executive director in October 2010.

Other directors were initially appointed on the 11th of October 2010, except for Alexey Mordashov who was appointed as director initially on the 14th of June 2012.

Biographies of each director can be found in “The Board of the Company and Committees” section.

Board meetings attendance

The following table shows the attendance of directors at Board meetings for the year ended 31st of December 2014. If directors are unable to attend a Board meeting, they have the opportunity beforehand to discuss any agenda items with the Chairman (or may issue a written proxy to another member of the Board in order to be represented at such meeting). Attendance is expressed as the number of meetings attended out of the number eligible to attend.

Members	**Number of meetings attended**
David Morgan	5 out of 5
Nikolai Zelenski	5 out of 5
Evgeny Tulubensky	2 out of 2 *(note 4)*
Alexey Mordashov	4 out of 5
Roman Yelkin	2 out of 2 *(note 4)*
Peter Lester	5 out of 5
Peter Bacchus	2 out of 2 *(note 4)*
Michael Nossal	5 out of 5
Philip Baum	3 out of 3 *(note 2)*
Sergey Zinkovich	3 out of 3 *(note 3)*
Mikhail Noskov	3 out of 3 *(note 2)*

Notes:

1. All directors attended all Board meetings whilst they were in office, with the exception of Alexey Mordashov who attended 4 of the 5 meetings held in 2014.
2. Philip Baum and Mikhail Noskov did not stand for re-election at the 2014 AGM and so ceased to hold office on 30 June 2014.
3. Sergey Zinkovich resigned on 14 May 2014.
4. Evgeny Tulubensky, Roman Yelkin and Peter Bacchus were appointed as directors on 30 June 2014.

The majority of Board meetings are held in Amsterdam but one meeting is held each year in Moscow. On occasion, decisions are made by the directors by written resolution outside of a formal meeting. Two such resolutions were passed by the directors in 2014 and in each case, all the directors were consulted and no director opposed adopting resolutions in this manner and without convening a meeting.

Board effectiveness and evaluation

The Chairman, in conjunction with the company secretary, leads the process whereby the Board formally assesses its own performance, with the aim of helping to improve the effectiveness of the Board and the committees. No performance evaluation of the Board, its committees or individual directors was undertaken in 2014 as there was a material change in the composition of the Board midway through the year. It is intended that such a review will be undertaken in the second half of 2015 once the current Board has been in place for one year. Information regarding this review will be disclosed in the 2015 Integrated Report.

Diversity and even participation

Diversity at the board level has continued to be a key topic of governance for companies within the EU and remains high on the agenda of the Board and the Nomination Committee. The Company understands the importance of diversity within its workforce, which goes right through the organisation. A principle of even participation (30% quota for each gender) has been laid down in Section 2:166 of the Dutch Civil Code. With regard to gender diversity, the Company currently has no female Board members. However, in the senior management team consisting of fourteen senior managers, two are female. The current Board members represent three nationalities and bring with them experience from a wide range of international business, professional and operational backgrounds. The Company feels that gender is only one part of diversity and directors will continue to be selected on the basis of their wide-ranging experience, backgrounds, skills, knowledge and insight. During 2014, the Nomination Committee has looked to implement a diversity policy to address future appointments to the Board and may formulate targets in this respect to achieve an even participation in the future.

Information and professional development

Each director has the specific expertise necessary for the fulfilment of his duties and has received training on relevant duties and responsibilities under Dutch and UK regulations. Each of the independent non-executive directors has also been provided with relevant information on the Company and its operations.

The directors’ ongoing training needs will be kept under review and further training will be provided when appropriate.

All directors have full and timely access to the information required to undertake their responsibilities fully and efficiently. They have access to the advice and services of the company secretary and other members of the Company’s management and staff, and also external advisors. If necessary, the non-executive directors may take independent professional advice in the furtherance of their duties, at the Company’s expense.

Appointment, retirement and re-election of directors

In accordance with the Company’s articles of association, the Board consists of one or more executive directors and one or more non-executive directors. Only natural persons may be Board members.

Board members are appointed by the General Meeting, which also determines whether a Board member is an executive or non-executive director. David Morgan, Peter Lester, Michael Nossal and Nikolai Zelenski were for the first time appointed by resolution of the then sole shareholder on the 11th of October 2010. Alexey Mordashov was appointed as director for the first time at the 2012 AGM, held on the 14th of June

2012. Evgeny Tulubensky, Roman Yelkin and Peter Bacchus were appointed as directors for the first time at the 2014 AGM, held on the 30th of June 2014.

In accordance with the Regulations Governing the Principles and Practices of the Board, Board members are appointed until the next AGM and are subject to annual re-election. The Board submits its proposal regarding the appointment or re-election of Board members to the General Meeting. The Board's proposal is supported by recommendations made by the Nomination Committee as laid down in the best practice provision III.5.14 of the Dutch Code.

In accordance with the articles of association of the Company, the Board has a Chairman, who ensures the proper composition and functioning of the Board as a whole. The Chairman must be a non-executive director and may not be a former executive director of the Company (as set out in the best practice provision III.8.1 of the Dutch Code). The Board has appointed as and granted the title of Chief Executive Officer to an executive director. The Board may also appoint and grant the title of Chief Financial Officer to another executive director or another person.

Board members may at any time be suspended or dismissed by the General Meeting. Executive directors may also be suspended by the Board. A suspension may last no longer than three months in total, even after having been extended one or more times.

Directors' interests

Except as listed below, no director (or any person connected with a director) had any legal or beneficial interest in the Company's share capital or was granted options over any shares in the Company during the year.

As of the 31st of December 2014, directors' interests in the Company's share capital was as follows:

- Alexey Mordashov indirectly held 319,059, 925 shares and 17,006,851 GDRs.
- David Morgan held 50,000 GDRs.
- Michael Nossal held 40,000 GDRs.

Full details of the remuneration paid to each of the directors can be found in the Remuneration report.

Conflicts of interest

Each of the above interests has been fully disclosed to and approved by the Board, in compliance with the best practice provisions II.3.2 to II.3.4 of the Dutch Code. The directors have a duty to inform the Board of any relevant changes in this situation. A director may not vote on, or be counted in a quorum in relation to, any resolution of the Board in respect of any contract in which he has a material interest.

Except for the matters set out above, none of the directors have any conflict of interests between his duties to the Company and his private interests or other duties.

In conformity with the new rules on conflict of interest provided in Section 2:129 paragraph 6 of the Dutch Civil Code, the conflict of interest provision included in the articles of association of the Company provides that each director is obliged to inform the Board of any (potential) conflict of interest between such director and the Company without delay. The director shall not participate in any deliberations or decision-making process of the Board, if such director has a direct or indirect personal interest which conflicts with the interest of the Company or its business. In such a case the other non-conflicted directors shall resolve the matter. If all directors are in conflict as referred to above, then the General Meeting shall be authorised to resolve the matter.

Internal control / risk management

The Board has implemented a continuous process for identifying and managing risks faced by the Company, and taken action to address any weaknesses.

The Board and the Audit Committee are responsible for the overall supervision of the Group's internal control system and risk management function. The Board performs an annual review of internal control and risk management systems and adopts the Group's major policies relating to business conduct, environmental, health and safety, insurance, risk management, and labour law issues.

To address risk management and internal control matters, the Audit Committee reviews the policies and overall process for identifying and assessing business risks and managing their impact on the Group, and analyses regular assurance reports from management, internal audit, external audit and others on risk-related matters. Any material matters in relation to internal control or risk identified by the Audit Committee are brought to the attention of the Board.

Code of Business Conduct and Ethics

A Code of Business Conduct and Ethics was adopted in 2013 by the Board which provides a guide for achieving the business goals of the Company and requires officers and employees to behave in an open, honest, ethical and principled manner.

Arrangements for Whistleblowers

The Company has a whistleblowing policy, which was adopted by the Board in 2012. The details of the Company's arrangements for whistleblowers includes an independently provided international telephone hotline, which has been published on the Company's website.

Share dealing code

The Company has adopted an internal code on managing securities in relation to the shares of the Company and related financial instruments, by the directors, persons discharging managerial responsibilities and persons related to them and finally employees with regular or incidental access to inside information.

This code has been adopted pursuant to chapter 5.4 of the Dutch Financial Supervision Act and is at least as rigorous as the Model Code as published in the UK Listing Rules. The code adopted is applicable from admission to trading of the Company's GDRs to the directors and other relevant employees of the Group.

This code includes rules relating to:

- Notifications by or on behalf of persons associated with the Company who are required to make notifications to the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten AFM) of transactions of the Company's securities;
- The obligations of employees, managers and directors with respect to the ownership of, and transactions in, shares and related securities; and
- If relevant, the period during which such persons may not effect transactions in shares and related securities.

Furthermore, the Company has adopted a memorandum on procedures for dealing with inside information outlining the procedures applicable to persons working for the Group who could have access to inside information on a regular or incidental basis and the rules on insider trading and market manipulation, including sanctions which can be imposed in the event of a violation of those rules.

Anti-Bribery and Corruption Policy

In 2013 Nord Gold N.V. developed and adopted its own anti-corruption policy and implemented it throughout the Group.

Nordgold strives to comply with UK law on combating corruption (UK Bribery Act 2010), as well as the legislative acts in force that are aimed at combating corruption and bribery in those countries where Nordgold is economically active.

This important event for the Group demonstrates how central it is for Nordgold to do business in accordance with the best international corporate and ethical standards.

The anti-bribery and corruption policy Nordgold has adopted is part of a comprehensive programme that includes not only regulation of the actions of Group employees and officials in terms of anti-corruption and bribery, but also organisation of training in this area, including an anti-corruption clause in all contracts and the drafting and implementation of electronic registers for gifts, sponsorships, charity and more.

The adoption of the anti-corruption policy demonstrates Nordgold's commitment both to high standards of corporate governance and to the principles of open and fair business. The Group strives towards the continuous improvement and enhancement of corporate ethics across all aspects of the Group's operations.

Communications with shareholders

The Company participates in regular dialogue with institutional shareholders. The Chief Executive Officer and the investor relations team meet institutional shareholders on a regular basis and the Chairman is also available for major institutions as appropriate. The announcements of half-year and annual results, together with quarterly financial and production results and other important announcements and corporate governance documents concerning the Company are published on the Nordgold website:www.nordgold.com.

In 2014 the Board reviewed the Communications Policy and adopted a Corporate Communication Management Policy (see Chapter 4.2. Stakeholder Engagement) setting out how the Company will communicate with shareholders and holders of the Company's GDRs.

Anti-takeover Measures

There are currently no anti-takeover measures, in the sense of structures that are intended solely, or primarily, to block future hostile public offers for the Company's shares or GDRs in place, as such measures are not relevant with regard to the current ownership structure of the Company.

Articles of association

The latest amendments to the articles of association of the Company were approved on the 4th of June 2013 at the General Meeting, to update the conflict of interest provisions. The articles of association of the Company were amended in line with current Dutch legislation and have not been amended since.

Set out below is a summary of certain material provisions of the articles of association disclosed in accordance with the Dutch Civil Code and applicable Dutch law.

Dividend distribution

Distribution can only take place up to the amount of the part of the Company's net assets that exceeds the nominal value of its issued share capital and the reserves it is legally required to maintain. Each year, the Board determines which part of the profit earned in a financial year is to be reserved. The remainder of the profit is then at the disposal of the General Meeting, which may, in response to the Board's proposal, resolve to make a dividend distribution to the shareholders, after adopting the annual accounts from which it appears that such distribution is allowed.

The Board may also resolve to pay an interim dividend distribution, subject to Dutch law, or make a proposal at the General Meeting to resolve upon a payment to the charge of a reserve which does not need to be maintained by virtue of the law. Distributions are claimable and payable at a date determined by the Board. The articles of association provide that shareholders' claims for distribution of dividends shall lapse after five years.

From November 2013, the Company has the following dividend policy in place:

Interim quarter dividend is paid out. The targeted payout ratio going forward is 30% of the average net profit attributable to shareholders, calculated in accordance with IFRS for the relevant period. Dividends are based on the estimation of the pro-forma underlying profit (adjusted for one-off non-cash impairment).

The purpose of this dividend policy is to deliver more frequent dividend payments to the shareholders of the Company. The interim dividend distribution can only be resolved by the Board in compliance with the requirements of Dutch law.

Issue of shares

The General Meeting of shareholders is authorised to issue shares or grants rights to subscribe for shares, and the Board may make a proposal about this.

As long as the maximum number of shares that may be issued is specified, at the General Meeting shareholders may designate the Board as the corporate body competent to issue shares, or grant rights to subscribe for shares, and to determine the issue price and other conditions for a specified period not exceeding five years. Shares may not be issued at less than their nominal value and must be fully paid on issue.

A resolution from the General Meeting to issue shares, grant rights to subscribe for shares or designate the Board as the competent corporate body requires an absolute majority of the votes cast. A resolution designating the Board as the competent corporate body cannot be withdrawn unless the resolution states otherwise. No resolution is required to issue shares when exercising a previously granted right to subscribe for shares.

On the 30th of June 2014 at the AGM of the same year, the Board was designated by the General Meeting as the corporate body competent to issue shares and grant rights to subscribe for shares, provided that such authority (i) was limited to 10% of the issued share capital of the Company at the date of the 2014 AGM, plus an additional 10% of the issued share capital of the Company as per the same date in relation to mergers or acquisitions and (ii) not limited to the issue of shares so far as this would have to be done to meet obligations resulting from the exercise of rights to acquire shares under approved share (option) schemes, for a period of 18 months from the date of the AGM and therefore up to and including 29 December 2015. The authority given to the Board has been utilised during the reporting period for the issue of 2,876,335 shares/GDRs on 19 December 2014 in relation to the acquisition of shares in Buryatzoloto OJSC. A resolution to renew such authority will be proposed at the 2015 AGM. Further details of the proposed resolution can be found in the notice of the AGM.

Pre-emptive rights

Under Dutch law and the articles of association, each shareholder has a pre-emptive right in proportion to the aggregate nominal value of their shares, upon the issue of shares or the granting of rights to subscribe for shares.

Exceptions to this pre-emptive right include the issue of shares or the granting of rights to subscribe for shares:

- for employees of the Company or another member of its Group;
- against payment in kind (contribution other than in cash); and
- for persons exercising a previously granted right to subscribe for shares.

The General Meeting may limit or exclude the pre-emptive rights by a resolution requiring a majority of at least 75% of the votes cast. The General Meeting may designate the Board as the corporate body competent to resolve the limitation or exclusion of the pre-emptive rights if the Board has also been or is designated as the competent body to resolve the issue of shares for a specified period not exceeding five years. This period can be extended from time to time for further periods not exceeding five years.

Under Dutch law, a resolution designating the Board as the competent corporate body to resolve the limitation or exclusion of the pre-emptive rights, requires a majority of at least two-thirds of the votes cast, if less than 50% of the Company's issued share capital is present or represented at the General Meeting. A resolution designating the Board as the competent corporate body to resolve the limitation or exclusion of the pre-emptive rights cannot be withdrawn unless the resolution provides otherwise.

On the 30th of June 2014, the Board was designated by the General Meeting as the authorised body to limit or exclude the pre-emptive rights of shareholders in connection with the provided authority to issue shares and to grant rights to subscribe for shares in the capital of the Company for a period of 18 months from the date of the 2014 AGM and therefore up to and including 29 December 2015. The authority given to the Board has been utilised during the reporting period to exclude the pre-emption rights for the issue of 2,876,335 shares on 19 December 2014. A resolution to renew such authority will be proposed at the 2015 AGM. Further details of the proposed resolution can be found in the notice of the AGM.

Acquisition of own Shares

Subject to the certain provisions of the articles of association, the Company may acquire fully paid up shares or depositary receipts (including GDRs) provided no consideration is given, or the Company has freely distributable reserves at least equal to the purchase price, and the nominal value of the shares or depositary receipts thereof to be acquired, when aggregated with the nominal value of the shares or depositary receipts the Company and its subsidiaries already hold, does not exceed 50% of the Company's issued share capital.

The acquisition of shares or depositary receipts by the Board, other than for no value, requires authorisation by the General Assembly. This authorisation may be granted for a period not exceeding 18 months and must specify the number of shares or depositary receipts and the conditions of such acquisition.

The authorisation is not required for the acquisition of shares or depositary receipts for employees of the Company or another member of its Group, under a scheme applicable to such employees. Under Dutch law, a resolution by the General Meeting to designate the Board as the competent corporate body for the acquisition of shares or depositary receipts other than for no value requires a simple majority of the votes validly cast.

Appointment, suspension and dismissal of Board members

In accordance with article 29 paragraph 4 of the Company's articles of association, the resolution of the General Meeting to appoint, suspend or dismiss a Board member requires a simple majority of the votes cast.

Amendment of articles of association

The General Meeting may resolve to amend the articles of association, upon a proposal of the Board. A resolution by the General Meeting to amend the articles of association requires a simple majority of the votes cast.

Powers of the General Meeting of Shareholders

Other powers of the General Meeting of Shareholders, in addition to those recorded above, include the adoption of the annual financial statements, release of the Board's members from liability, and reduction of the issued share capital and dissolution of the Company, upon a proposal from the Board.

Other statutory information

The following additional information is disclosed in accordance with the requirements of the Dutch Civil Code:

In respect of the Company's shares, there are no:

- Restrictions on the transfer of, or in respect of, the voting rights of the Company;
- Agreements, known to the Company, between shareholders which may result in restrictions over the transfer of shares and/or voting rights;
- Special rights with regard to control of the Company attaching to any such shares;
- Significant agreements to which the Company is a party which take effect, alter or terminate upon a change of control of the Company following a takeover bid.
- Agreements between the Company and its Directors or employees for compensation provision in connection with a termination of employment resulting from a takeover bid.
- Arrangements pursuant to which employees are awarded rights to acquire shares in the capital of the Company or its subsidiary due to an applicable control mechanism.

The Board of the Company and Committees

The Board

David Morgan

Chairman

Mr. Morgan was appointed as a Chairman in June 2014 having joined Nordgold as an independent non-executive director in October 2010. He has wide experience of both financial and general management in the chemical and precious metals industries.

Previously, he spent 20 years with Johnson Matthey plc and was on the board as the executive director responsible for corporate development from 1999-2009.

He is currently a Director of several companies, both public and private, including: Hargreaves Services plc, SFC Energy AG, where he is deputy chairman, and the Royal Mint. He also chairs the advisory board of the Chemistry Department of Imperial College, London.

Mr. Morgan is a member of the institute of Chartered Accountants in England and Wales and has an MA in Mineralogy and Petrology from Cambridge University.

Michael Nossal

Independent Non- Executive Director

Mr. Nossal joined Nordgold in October 2010 as an independent non-executive director and Chairman of the Remuneration Committee.

Mr. Nossal is a member of the Executive Committee of the Minerals and Metals Group and previously served as Director and Deputy Chief Executive Officer for En+ Group Ltd, which manages aluminium and power assets.

Mr. Nossal holds a Bachelor of Science degree from Monash University in Australia and a Master of Business Administration degree from the Wharton School of the University of Pennsylvania.

Peter Bacchus

Non-Executive Director

Mr. Bacchus was elected as non-executive director of the Company's Board in June 2014.

Mr. Bacchus is a Managing Director, Global Head of Metals & Mining, and Joint Head of European Investment Banking at Jefferies & Company. He is also a non-executive director of Paramount Mining Corporation Limited.

Prior to joining Jefferies in March 2011, he was a Global Head of Metals & Mining Investment Banking at Morgan Stanley, and previously held senior positions at JPMorgan and Citi.

Mr. Bacchus holds an MA from St. John's College, Cambridge and is a Member of the Institute of Chartered Accountants.

Roman Yelkin

Non-Executive Director

Mr. Yelkin joined Nordgold in June 2014 as a non-executive director.

Mr. Yelkin has been Head of Corporate Control of Severgroup since October 2010, where his main responsibilities include investment, financial and economic analysis and control.

Prior to that, he worked as a senior manager of the Corporate Control Department of Severgroup. Mr. Yelkin's past experience also includes various positions in the steel trading company 'Severstal-Invest'.

Mr. Yelkin graduated from the Vologda State Technical University with a degree in Finance.

Evgeny Tulubensky

Chief Legal Officer, Corporate and Regulatory Affairs

Evgeny was appointed as Chief Legal Officer, Corporate and Regulatory Affairs in 2014 having joined Nordgold as Chief Legal Officer in 2007.

Evgeny previously was a senior lawyer at the mining division of Severstal (LSE: SVST). Before then, Evgeny was a legal consultant at Ernst & Young. Evgeny is a member of the Advisory Board of the Russian Society of Subsoil Experts and a participant of the Russian-Guinean intergovernmental Commission and the Presidential Investment Council in Burkina Faso.

Evgeny graduated from St. Petersburg State University, Law faculty, and holds an LLM (with honors) from Northwestern University (Chicago). He also holds a degree in economics from St. Petersburg State University of Engineering and Economics.

Peter Lester

Independent Non- Executive Director

Mr. Lester joined the Company in October 2010 as an independent non-executive director and Chairman of the Safety and Sustainable Development Committee.

He is a mining engineer with extensive experience in senior operations, development and corporate roles. He serves as a non-executive director of Doray Minerals Limited and Whiterock Minerals Ltd. and as a Director of Accessio Resources Pty Ltd. Prior to a takeover, he was an executive director of Citadel Resource Group which was developing the Jabal Sayid underground copper/gold mine in Saudi Arabia. Previously he was the Executive General Manager for corporate development for Oxiana and OZ Minerals which operated base metal and gold mines in Australia and Laos. His activities have covered Australia, South East and Central Asia, the Middle East and the Americas.

Mr. Lester has a Bachelor of Engineering (Mining-Hons) from the University of Melbourne and is a member of the Australian Institute of Company Directors and the Australian Institute on Mining and Metallurgy.

Nikolai Zelenski

Chief Executive Officer

Mr. Zelenski has led Nordgold's Management Team since the company's inception in 2007, having previously worked from 2004 at JSC Severstal as a Head of Severstal Resources' gold division, which subsequently became Nordgold.

Earlier, Mr. Zelenski was an Engagement Manager at McKinsey & Company in the mining sector.

Mr. Zelenski holds an MS degree from the Saint Petersburg State Technical University in Russia, a Ph.D. in molecular genetics from the University of Texas in the United States, and an MBA from Vanderbilt University in the United States.

Alexey Mordashov

Non-Executive Director

Mr. Mordashov was first appointed as a non-executive director on the 14th of June 2012.

He has worked for Severstal since 1988 prior to being appointed as a non-executive director of the Company. In December 1996, he was appointed as Severstal's Chief Executive Officer. In June 2002, Mr. Mordashov was elected Chairman of Severstal. Since 2002 he served as the Chief Executive Officer of the Severstal Group, and since December 2006 he worked as the Chief Executive Officer of Severstal.

Mr. Mordashov serves on the Entrepreneurs Council of the Russian Federation Government. In addition, Mr. Mordashov is a member of the Russian-German workgroup responsible for strategic economic and finance issues, and he is the head of the Russian Union of Industrialists and Entrepreneurs' (RSPP) Committee of Trade Policy and WTO. Since March 2006 he has been a member of the EU-Russia Business Cooperation Council. Mr. Mordashov is a member of the Atlantic Council President's International Advisory Board. He is furthermore a member of the supervisory board of the Non-Profit Partnership Russian Steel and Deputy Chairman of the World Steel Association (since October 2011), which is headquartered in Brussels, Belgium.

Mr. Mordashov earned his undergraduate degree from the Leningrad Institute of Engineering and Economics. He also holds an MBA degree from Newcastle Business School of Northumbria University in Newcastle, UK. Mr. Mordashov was granted an Honorary Doctorate from the Saint- Petersburg State University of Engineering and Economics in 2001 and from the University of Northumbria in 2003.

Board committees

In line with the Dutch and UK Codes, the Company has established an Audit Committee, a Remuneration Committee and a Nomination Committee. The Board has also established a Safety and Sustainable Development Committee. Details of the committees' membership and a brief description of their responsibilities are set out below.

Audit Committee

The Audit Committee helps the Board meet its responsibilities relating to the internal and external audits and controls, including:

- Reviewing the Group's annual, half-year and interim financial statements;
- Considering the scope of the annual audit and the extent of the auditors' non-audit work;
- Advising on the appointment of external auditors; and
- Reviewing the effectiveness of the Group's internal controls.

The committee is responsible for overseeing the financial reporting and internal controls of the Company and its Group, and for maintaining an appropriate relationship with the external auditor of the Group. The committee operates under the terms of reference approved by the Board and will normally meet at least three times a year.

Peter Bacchus has chaired the committee since 30 June 2014 and its other members are Peter Lester and Michael Nossal (until 30 June 2014, the committee was chaired by David Morgan). The Board appoints Audit Committee members on the recommendation of the Nomination Committee and in consultation with the Audit Committee Chairman.

The number of meetings of the Audit Committee held during the year ended 31st of December 2014 and its members' attendance are detailed below.

Where a director is unable to attend a Board or Board Committee meeting he or she is provided with all the relevant papers and information relating to that meeting and is able to discuss issues arising with the respective Chairman and other Board and Committee members.

Members	Number of meetings attended
David Morgan (until 30 June 2014)	2 out of 2
Peter Lester	4 out of 4
Michael Nossal	4 out of 4
Peter Bacchus (from 30 June 2014)	2 out of 2

In addition to the formal meetings, committee members undertook regular communication by telephone and e-mail between themselves and with members of the management team. Matters covered at the meetings of the committee in 2014 included:

- Review of legal claims and accounting treatment of these;
- Accounting policy issues, including accounting for stripping and depreciation;
- Financial reporting and disclosures;
- Internal audit reporting, including review of internal controls, whistleblowing statistics and internal audits undertaken and planned;
- Company financing considerations;
- Dividend payments;
- Reviews of working capital, general & administrative costs, impairment provisioning and value of intangible assets; and
- Reports from the external auditors, together with consideration of the performance and fees of the external auditors.

The Committee also receives, at each meeting, updates from the Chief Financial Officer on the key operating and financial results, from the Head of Internal Audit on internal control and risk management and from the Chief Legal Officer on pending legal claims against or being made by the Company. Consideration of the latter focuses on cases that may be material with regard to the financial results of the Company.

The auditors attend and present at each meeting of the Audit Committee at which periodic financial statements are considered, including the annual financial statements.

The Audit Committee meetings are normally attended by all of the independent non-executive directors, together with the Chief Executive Officer and Chief Financial Officer. The financial statements are considered in full at such committee meetings.

The board meetings at which the periodic financial statements are formally adopted normally take place on the day following the Audit Committee meeting and the auditors are not required to attend these meetings. The auditors do, however, attend the Board's meeting at which the annual financial statements are approved. The chairman of the Audit Committee advises the Board's meeting of any items of relevance discussed with the auditors at the Audit Committee meeting and there is, therefore, full disclosure of auditor comments to the Board prior to their formal adoption of the accounts.

The Audit Committee contains one non-independent non-executive director and so, although complying with the requirements of the Dutch Code, does not comply with the requirements of the UK Code.

In accordance with the provisions of the UK Corporate Governance Code, David Morgan stood down as both chairman and a member of the Audit Committee on 30 June 2014 on taking up the chairmanship of the Board, although he continues to attend Audit Committee meetings.

Peter Bacchus was elected as a non-executive director on the 30th of June 2014 and succeeded David Morgan as the Audit Committee chairman. Despite his non-independence, which relates to his role as Managing Director, Global Head of Metals & Mining, and Joint Head of European Investment Banking at Jefferies & Company, it is the opinion of the Board that the financial knowledge and experience that Peter Bacchus has, combined with his wider understanding of the mining industry, serves to strengthen the overall skills and experience of the Audit Committee.

Nomination Committee

The Nomination Committee helps the Board to determine its composition. It is also responsible for:

- Periodically reviewing the Board's structure and assessing the size, composition and performance of the Board;
- Identifying potential candidates to be directors and drawing up selection criteria and making proposals for (re)appointment of directors;
- Considering succession planning for the Chairman and Chief Executive Officer.

The committee operates under terms of reference approved by the Board and will meet when appropriate.

David Morgan has chaired the committee since 30 June 2014 and its other members are Peter Lester and Michael Nossal (until 30 June 2014, Philip Baum chaired the committee and its other members were Peter Lester and David Morgan). Members of the Nomination Committee are appointed by the Board. The Nomination Committee meets when appropriate.

Neither external search consultancy or open advertising was utilised by the Board in selecting the candidates to replace the non-executive directors who did not seek re-election during 2014 (being Philip Baum and Mikhail Noskov), as it was not felt that this would add value to the process or represent a productive use of shareholder funds.

Instead, the Board was able to make a selection from a shortlist of candidates known to one or more of its members. The Board is satisfied that the directors chosen bring with them suitable experience and as such enhance the combined skills and experience of the Board.

The number of meetings of the Nomination Committee held during the year ended 31st of December 2014 and its members' attendance are detailed below:

Members	Number of meetings attended
Philip Baum (until 30 June 2014)	1 out of 1
Peter Lester	1 out of 1
David Morgan	1 out of 1
Michael Nossal (from 30 June 2014)	0 out of 0

The meeting of the Committee held during the year focused on Board and Committee composition changes and directors proposed for re-election at the 2014 Annual General Meeting.

The composition of the committee complies with both the UK and Dutch Codes, as the committee contains only independent non-executive directors.

Remuneration Committee

The Remuneration Committee helps the Board meet its responsibilities relating to attracting and motivating senior management team members, including:

- Determining and agreeing with the Board the framework and policies for executive directors' remuneration;
- Recommending and monitoring senior management remuneration;
- Setting, reviewing and approving corporate and individual executive performance goals;
- Producing an annual remuneration report to be approved by shareholders at the Annual General Meeting;
- Reviewing Nordgold's Remuneration Policy annually for its ongoing appropriateness and relevance; and
- Determining criteria for the selection, appointment and terms for any remuneration consultants who advise the committee, and obtaining reliable up to date information about executive remuneration within the Company's peers.

The Remuneration Committee is chaired by Michael Nossal, with David Morgan and Peter Lester as the other members. The Board appoints committee members on the recommendation of the Nomination Committee and in consultation with the Remuneration Committee Chairman. The Remuneration Committee meets at least twice a year.

The number of meetings of the Remuneration Committee held during the year ended 31st of December 2014 and its members' attendance are detailed below:

Members	Number of meetings attended
Michael Nossal	5 out of 5
David Morgan	5 out of 5
Peter Lester	4 out of 5

Areas on which the committee focused on in its formal meetings in 2014 included:

- 2013 bonus payments and 2014 compensation packages for the CEO and his direct reports;
- Structure of 2014 LTIP;
- Organisational structure of the executive team, including succession planning, retention of key personnel and the discussion of the candidates for certain key senior roles;
- Review of the remuneration section of the 2014 Integrated Report;

- Employee survey findings;
- Changes to director remuneration;
- 2015 STI targets; and
- 2014 bonus payments and 2015 compensation packages for the Chief Executive Officer and Chief Legal Officer.

The committee also receives, at each meeting, an update from the Chief Executive Officer on the structure, development and succession planning needs of his executive team and regularly consults with the Chief Executive Officer and HR Director outside of these meetings on matters of executive remuneration.

The consultancy firm Mercer were engaged during the year to assist with the design of the Company's LTIP. Mercer have no other connection with the Company.

Further details of the activities of the Remuneration Committee can be found in the Remuneration report.

The composition of the Remuneration Committee complies with both the Dutch and the UK Codes, as the committee contains only independent non-executive directors.

Safety and Sustainable Development Committee

The Safety and Sustainable Development (S&SD) Committee monitors and evaluates reports on the effectiveness of S&SD policies, management standards, strategy, performance and governance across the Group and reports to the Board on key S&SD issues.

The committee operates under terms of reference approved by the Board and will normally meet at least twice a year.

Peter Lester chairs the S&SD Committee and from 30 June 2014 its other members are Peter Bacchus and Michael Nossal (until 30 June 2014, the membership of the Committee was Peter Lester (Chairman), Philip Baum and Michael Nossal). Members of the S&SD Committee are appointed by the Board in consultation with the S&SD Committee Chairman.

Committee meetings are also attended by the Chief Executive Officer, as well as representatives of the management team responsible for different areas of safety and sustainability.

The number of meetings of the S&SD Committee held during the year ended 31st of December 2014 and its members' attendance is detailed below:

Members	**Number of meetings attended**
Peter Lester	4 out of 4
Philip Baum (until 30 June 2014)	2 out of 2
Michael Nossal	4 out of 4
Peter Bacchus (from 30 June 2014)	2 out of 2

In addition to the formal meetings, committee members are advised of developments in health and safety activity between meetings via regular e-mail communications received from management. Areas on which the committee focused on in its formal meetings in 2014 included:

- Review of safety statistics and incidents during the previous quarter;
- Quarterly safety topics: open pit heavy truck parking procedures, working with pressure vessels, HSE partnering with contractors, damage reporting;
- Safety metrics for inclusion in the 2014 Integrated Report;
- HSE framework and safety rules applicable across the Company;
- The Company's response to the Ebola outbreak in West Africa and political unrest in Burkina Faso;
- Mine rehabilitation plans; and
- 2015 HSE targets and objectives.

The Committee also receives, at each meeting, an update from management on safety incidents and developments since the last meeting. Additionally, at each quarterly meeting, a presentation is provided on a specific safety improvement initiative.

The UK Code and the Dutch Code do not contain any recommendations concerning an S&SD committee.

Management Team

Nikolai Zelenski

Chief Executive

Mr. Zelenski has led Nordgold's Management Team since the company's inception in 2007, having previously worked from 2004 at JSC Severstal as a Head of Severstal Resources' gold division, which subsequently became Nordgold.

Earlier, Mr. Zelenski was an Engagement Manager at McKinsey & Company in the mining sector.

Mr. Zelenski holds an MS degree from the Saint Petersburg State Technical University in Russia, a Ph.D. in molecular genetics from the University of Texas in the United States, and an MBA from Vanderbilt University in the United States.

Dmitry Guzeev

Chief Financial Officer

Dmitry was appointed as Chief Financial Officer in November 2014. Before that, Dmitry was appointed as Acting Chief Financial Officer in May 2014, having joined Nordgold as Head of Corporate Reporting in July 2013.

Prior to joining Nordgold, Dmitry was the Head of Corporate Reporting of SIBUR, Russia's largest gas processing business and a leader in the Russian Petrochemicals Industry, where he established and developed the IFRS function and was a leading IFRS expert supporting complex corporate transactions.

Dmitry also gained previous experience with Deloitte and Arthur Andersen.

He holds a Degree in International Economics from the State Finance Academy in Russia. Dmitry is a Certified Public Accountant (CPA) since 2005.

Louw Smith

Chief Operating Officer

Louw joined Nordgold in July 2013. He has over 20 years' experience in the mining industry in Project Execution and Operations in Senior Project Management Roles.

Previously, Louw was COO of Alacer Gold, leading a successful start-up of the Çopler Gold Mine in Turkey. His responsibilities also included operations in Western Australia and the development of the Group's Technical Services Functions.

Prior to Alacer Gold, he spent over 15 years at Gold Fields International in Western Australia, Finland, Bulgaria and Ghana managing a variety of its mines and projects, including such flagship operations as Damang and St. Ives mine complexes.

He is a member of the Australian Institute of Mining and Metallurgy.

Louw holds degrees in geology and geochemistry, engineering geology and commerce, and Master's Degrees in Mining Engineering and Business Administration.

Oleg Pelevin

Director of Strategy and Corporate Development

Oleg has been with Nordgold since the Company's inception, having previously worked at OAO Severstal. Oleg has also been a member of the Board of Directors of High River Gold since November 2008.

Previously he was a consultant at American Appraisal Russia and Head of the Investment department at Alphayurservis.

Oleg graduated from the Moscow Institute of Physics and Technology with a Master's of Science degree.

Evgeny Tulubensky

Chief Legal Officer, Corporate and Regulatory Affairs

Evgeny was appointed as Chief Legal Officer, Corporate and Regulatory Affairs in 2014 having joined Nordgold as Chief Legal Officer in 2007.

Evgeny previously was a senior lawyer at the mining division of Severstal (LSE: SVST). Before then, Evgeny was a legal consultant at Ernst & Young. Evgeny is a member of the Advisory Board of the Russian Society of Subsoil Experts and a participant of the Russian-Guinean intergovernmental Commission and the Presidential Investment Council in Burkina Faso.

Evgeny graduated from St. Petersburg State University, Law faculty, and holds an LLM (with honors) from Northwestern University (Chicago). He also holds a degree in economics from St. Petersburg State University of Engineering and Economics.

Yulia Sklar

Human Resources Director

Yulia joined the Group in January 2012 as Human Resources Director. Before joining the Group she served as Human Resources Director at Ferronordic Machines, a successful start-up of an exclusive Volvo equipment dealership in Russia and Ukraine. Ms. Sklar also worked in a number of Russian and international companies including BP, Alfa Bank, Agros and PepsiCo. She has 18 years of experience in HR.

Ms. Sklar holds MA degree from New York University and a certificate of the International Executive Program at INSEAD in France & Singapore, she also graduated from the Krasnoyarsk State Pedagogical Institute with honors.

Igor Klimanov

Development Projects Director

Igor has been with Nordgold since its inception as the Gold Mining Division of OJSC Severstal in 2007.

In July 2014, he was appointed to the Board of Directors of Northquest Ltd.

In September 2009, he was appointed to the Board of Directors of High River Gold.

Previously, he was CEO of High River Gold and Manager for Strategy and Corporate Development at Severstal Resources.

Igor holds a PhD from the Swiss Federal Institute of Technology and an Engineering Physics degree from the Moscow Engineering and Physics Institute.

Martin White

Technical Director

Martin joined Nordgold in early 2013. He has in-depth experience of mining coal, gold, copper, zinc and platinum, with a diverse geographical background including mines in South Africa, Ghana, Guinea and Tanzania. Martin has worked for a number of companies including Ashanti Goldfields, IMC Group Consulting and Aureus Mining.

Martin left the position of Nordgold Technical Director on April 1, 2014 and was appointed as General Director of Lefa mine, that contributed to the impressive Lefa turnaround results in 2014. The position of Nordgold Technical Director has not been replaced yet.

Martin holds a PhD in Mining Engineering from University of Nottingham.

Philip Lodewyk Engelbrecht

Director of Metallurgy

Philip joined Nordgold in August 2013. Previously, he was the Vice President and Head of Metallurgy at Gold Fields International, Australia.

He is a professional Metallurgist with over 15 years’ experience in optimising and managing multiple ore processing plants in remote locations in Peru, Ghana, South Africa and Australia.

Philip holds a Higher National Diploma in Extractive Metallurgy from Vaal Triangle University of Technology, Vanderbijlpark, Gauteng, South Africa. He is a member of the Australian Institute.

Ekaterina Yukhanova

Procurement Director

Ekaterina joined Nordgold team as the Head of the Raw Materials Supply Department in 2010. Previously she was a consultant at A.T. Kearney and specialised in procurement transformation projects.

Ekaterina graduated from MGIMO University and the University of Saarland with a degree in Economics.

Yury Bogdanov

Security Director

Yury joined Nordgold as a Security Director in 2012. Previously he worked in various departments of OJSC Severstal focusing on security issues. Yury has also gained previous experience with his service as a military officer and a police officer.

Yury holds degrees in Economics and Technical Science.

Oleg Maksimov

Deputy COO, Director Project Office

Oleg joined Nordgold at the beginning of 2012. Previously, he worked as a Consultant and Project Manager at international strategy consulting companies – Booz Allen Hamilton and Roland Berger Strategy Consultants with a focus on operational topics in the steel and mining industries.

At Nordgold Oleg is responsible for implementation of the Business System Program, Efficiency Improvement and Cost Reduction Initiatives.

Oleg graduated from Ural State Legal Academy and holds Master’s Legal degree. In 2013 he completed Authentic Leadership Development Program in Harvard.

Igor Shelukhin

Deputy COO, Underground Mines

Igor joined Nordgold in 2011. Previously he was a COO at Severstal Resources's Vorkutaugol coal mining company with a focus on safety, operational improvement and processing plant improvement. Before joining Severstal Resources, Igor had extensive experience in Strategic Planning and Project Management in numerous companies, including Siberian Coal Energy Company and Boston Consulting Group. At Nordgold Igor works on production improvement at underground mines and oversees the safety function for all mines.

Igor graduated from St Petersburg State University School of Management with a Master's degree in International Business.

Alexander Shein

Deputy COO, Open-Pit Mines

Alexander began working for Nordgold in July 2012 as the Deputy Chief Operating Officer and is responsible for Operational Performance and Improvements. His past experience includes various positions at McKinsey, UC Rusal and LG Electronics.

He holds a Master's in Electronic Machine Building from Bauman Moscow State Technical University and a Master's in Economics from the First Professional University.

Remuneration Report

Remuneration policy 2015

Pursuant to its commitment, the Company had been discussing its remuneration policy (the Policy) throughout the year 2014. On the 13th April 2015, the updated remuneration policy approved by the Remuneration Committee was adopted by the Board. The shareholders of the Company will be invited to vote on the Policy on the AGM 2015.

The updated Policy covers directors of the Board and senior executive team members of the Company. The Remuneration Committee ensures that the remuneration policy closely reflects Nordgold business strategy and long-term objectives and is designed to avoid rewarding excessive risk-taking or behaviour aimed at short term, unsustainable gains.

The Remuneration Committee participates in setting key performance indicators (KPIs), while monitoring that the KPIs align with the Company's business plan, tracking and assessing the performance results, and if appropriate, recommends the claw back of some or all of the incentives for risky, fraudulent or reckless management behaviour.

The Policy intends to take into account remuneration market trends. Salary increase rates, remuneration mix, amounts and weights of remuneration components are based on compensation surveys provided by professional consultants and open-sourced information.

The key goals of Nordgold's remuneration policy are to:

a. attract and retain directors of the Board and those senior executive team members covered by the Policy;
b. align senior executive team members' motivation to shareholder interests; and
c. motivate top performance.

Executive directors and senior executive team members' remuneration

The Company recognises that highly qualified executives are key to delivering the Company's strategy. Therefore, the Company is committed to remunerating its executive directors and senior executives in a manner that is market competitive, consistent with best practice and which promotes the long-term success of the Company.[1]

[1] For the purposes of this section executive directors and senior executive team members shall be referred to jointly as the "Senior executives" and or as the " Senior executive" or "executive" if referred to separately.

The Policy implements an executive remuneration strategy that balances the needs of the individual, the Company and shareholders through a combination of short and long-term performance linked variable pay, fixed remuneration and benefits.

Aligning remuneration with the Nordgold strategy of business expansion is a focus of the executive remuneration policy.

The Policy ensures a strong performance link to annual and longer term performance targets through variable pay that represents more than half of the executives' total remuneration.

Eligibility

Positions subject to this Policy include:

1. Chief Executive Officer;
2. Senior executives reporting to CEO: Chief Operating Officer, Chief Financial Officer, Strategy Director, Security Director, Chief Legal Officer, Corporate and Regulatory Affairs, Human Resource Director;
3. Senior executives reporting to those indicated in para 2 above: Technical Director, Metallurgy Director, Deputy COOs, Business System Director, Procurement Director, Development Projects Director, and Exploration Director.

Remuneration Components

There are 4 components in the remuneration package of the Senior executives:

- Base Salary
- Annual Bonus
- Long-term Incentive
- Benefits

The fixed components are base salary and benefits. The variable components are annual bonus and long term incentives. All variable pay has a direct link to performance. The performance link is also present in base pay, which is periodically reviewed based on individual performance and other factors.

All payments are stated in gross amounts and taxes may be payable under the applicable tax legislation.

Component	Objective	Details
Base salary	To attract and retain high calibre talent taking into consideration the roles and responsibilities of the job, as well as the individual executive competencies and performance results.	Annual adjustment shall be effective from the 1st of April of every calendar year. Benchmarked against international, FTSE-listed and Russian companies of similar size and operational scale, with focus on the mining/industrial sector. Reviewed annually with the reference to individual and the Company's performance.
Annual performance bonus(short-term incentive)	To align annual reward with annual performance targets per business plan.	**Bonus Potential for Threshold performance:** 75% of base salary for CEO, 40% for COO, 37,5% of base salary for Chief Financial Officer, Strategy Director, Security Director, Chief Legal Officer, Corporate and Regulatory Affairs, Human Resource Director, 25% of base salary for Technical Director, Metallurgy Director, Deputy COOs, Business System Director, Procurement Director, Development Projects Director, and Exploration Director **On-target annual performance bonus** is 150% of annual base salary for a CEO, 80% of annual base salary for a COO, 75% of annual base salary for Chief Financial Officer, Strategy Director, Security Director, Chief Legal Officer, Corporate and Regulatory Affairs, Human Resource Director, and 50% of annual base salary forTechnical Director, Metallurgy Director, Deputy COOs, Business System Director, Procurement Director, Development Projects Director, and

		Exploration Director **Bonus Potential for Superior Performance** is 225% for CEO, 120% for COO, 112,5% for Chief Financial Officer, Strategy Director, Security Director, Chief Legal Officer, Corporate and Regulatory Affairs, Human Resource Director, 75% of the base salary for Technical Director, Metallurgy Director, Deputy COOs, Business System Director, Procurement Director, Development Projects Director, and Exploration Director. Short-term incentive is designed to have an upside and downside leverage depending on Company and individual performance results: the superior performance levels produce 150% of the bonus potential, while performance results below 75% of budgeted results in nil bonus payout.
Long-term incentive plan	To align focus of the Senior executives performance with the creation of shareholder value and to reward sustained increases in operational performance over a three-year period.	The form of the long-term incentive is a deferred 3 year bonus prorgamme, with a new cycle starting every year. Long-term incentive grants are based on the effective share price and actual short-term incentive amounts approved for the Senior executives for the completed performance year.
Benefits	To provide adequate protection and retain its Senior executives	Benefits include medical insurance, life and accident insurance, as well as a flexible cash benefit allowance in lieu of pension, cars and other benefits. Benefits for eligible Senior executives are fixed in the amounts approved by the Remuneration Committee until further review: for CEO – 5,000 USD net of income tax per month or equivalent in the applicable currency; for Chief Financial Officer, Strategy Director, Security Director, Chief Legal Officer, Corporate and Regulatory Affairs, Human Resource Director, Chief Operating Officer – 3,125.00 USD gross per month or equivalent in the applicable currency.

Base salary

Each executive director and Senior executive's base salary shall be competitive and based on the individual responsibilities and performance.

The target positioning for the Senior executive’s base salary is between Median and Upper Quartile for comparators.

The base salaries are benchmarked against international, FTSE-listed and Russian companies of similar size, capitalization and operational scale, with a focus on the gold mining, general mining and industrial sectors.

Base salaries are reviewed annually with reference to individual and the Company’s performance and labour market movement. Annual adjustments to base salaries shall take effect from 1 April.

Annual Performance Bonus

All Senior executives, as per the Remuneration component section above, are eligible to receive Annual Performance Bonus, subject to the achievement of the Company overall and individual role-specific performance criteria.

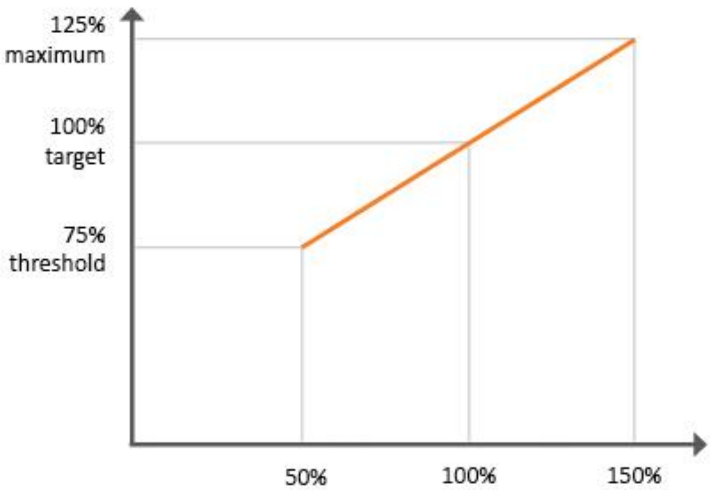
The bonus is based on 50% of the Company performance objectives and 50% on individual performance objectives.

The Remuneration Committee may re-consider remuneration packages under this Policy (save for the Board executive directors remuneration) and make any amendments to the executive team composition where find necessary.

Payout Calculation

Performance results for achievement of budget and business plan targets are rewarded with an on-target bonus payment. A 50% bonus for threshold performance is paid for results equal to 75% of the target. No bonus is payable for performance below this threshold level. A 100% bonus is payable for achievement of the target. For every 1% of performance result above the target an additional 2% of bonus is paid. Every 1% shortfall of performance below the target reduces the bonus by 2%. All bonuses are capped at 150% of the bonus amount, upon achieving 125% or more of the performance target.

Performance Target



Bonuses are calculated using the formula:

$Bonus_{actual} = ABS_{prorated} \times Bonus_{potential} \times (Result_{company} \times 50\% + Result_{individual} \times 50\%)$

where:

$Bonus_{actual}$ is the actual amount of bonus expressed in applicable currency to be paid to the Senior Executive;

$ABS_{prorated}$ is prorated annual base salary, expressed in applicable currency; for the purpose of the annual bonus prorated annual base salary is calculated as the contractual salary effective in the last month of the rewarded operational year, multiplied by the number of months actually worked in that year;

$Bonus_{potential}$ is the contractual bonus opportunity for on-target performance, expressed as a percentage of annual base salary;

$Result_{company}$ is the performance result for Company performance measures, expressed as a percentage of the target result;

$Result_{individual}$ is the performance result for individual performance objectives, expressed as a percentage of the target result.

Bonus Dates

Performance targets for the operational year are set no later than the end of February of that year. Performance targets for new employees and internal transfers are set at the time of arrival.

An individual performance assessment is completed within January – February of the year following the year under assessment. The Company performance assessment is completed after the financial report for the year under assessment has been audited.

Bonus payments are typically made with the March payroll, no later than 1 April each year, or if 1 April falls on a weekend, no later than the first business day following 1 April.

Payout Rules

Annual Performance Bonuses are payable provided that the Senior executive is still employed by the Company on the payment date or where the Senior executive is a "good leaver", which is the case when the participant leaves the Company's employment due to:

- death, injury, disability or ill-health, as determined by the Chief Executive Officer and the Remuneration Committee of the Group;
- the company by which the participant is employed ceasing to be part of the Company's group;
- retirement per the applicable retirement rules;
- any other reason the Chief Executive Officer and the Remuneration Committee of the Board decide in their absolute discretion.

If a Senior executive leaves the Company and is not qualified as a "good leaver" by the Chief executive Officer and the Remuneration Committee of the Board, no bonus is payable.

Annual performance bonuses will not be paid for extended "out of service" periods, which is the case when the participant takes career break, educational leave, maternity leave, extended medical leave or other similar leave. In such cases the payout is pro-rated to the relevant period of service.

Annual performance bonuses will be paid to a new member of the executive team only if the Senior executive was employed by the Company for at least three months of the relevant year.

Clawback

If an Annual Performance Bonus has been paid on the basis of incorrect financial or other data, the Remuneration Committee of the Board may determine that the Company is entitled to recover any amount of the Annual Performance Bonus in excess of the amount that should have been paid on the basis of the correct financial or other data. This right of recovery exists irrespective of whether the Senior executive has been responsible for the incorrect financial or other data or was aware of the inaccuracy and the decision of the Remuneration Committee of the Board will be final and binding. Such recovery will be in accordance with the provisions of the applicable labor legislation.

Annual Performance Bonus Administration

Administration of Annual Performance Bonus including facilitation of the objective setting and performance assessment process and all communications with Senior executives related to the Annual Performance Bonus is the responsibility of the Company's HR department.

Long-term incentive plan (LTIP)

All Senior executives are eligible for participation in the LTIP.

Any changes to the composition of the executive team and eligibility for LTIP participation require approval of the Chief Executive Officer and the Remuneration Committee of the Board.

New participants may join the LTIP only if they replace any of the current members of the executive team or are appointed to the executive team. As a rule new participants may join the LTIP with effect from the next LTIP cycle following their appointment to the senior executive team subject to the approval of the Remuneration Committee of the Board.

Plan Duration and Cycles

The prorgamme starts on April 1st 2015 and lasts until the end of the last approved cycle. The following three cycles are provisioned as part of the plan:

1st cycle	—	April 1st 2015	—	March 31st 2018
2nd cycle	—	April 1st 2016	—	March 31st 2019
3rd cycle	—	April 1st 2017	—	March 2020

Every one of the 3 provisioned cycles requires a separate approval of the Board.

Award Allocation

The long-term incentive grants are awarded in the form of phantom shares. The number of phantom shares is calculated using the formula:

$LTI_{grant} = (STI_{actual} * 75\%) / Price_{start}$

where:

LTI_{grant} is the number of phantom shares awarded to an eligible executive at the beginning of the cycle;

STI_{actual} is the amount of the annual bonus approved as a payout for an executive for his / her performance during the completed performance year preceding the LTI award expressed in USD on the date of STI approval;

$Price_{start}$ reflects the weighted average price per share at the London Stock Exchange during the 3 last months of the calendar year prior to the date of the grant, expressed in USD. The weighted average price per share is calculated using the formula:

Sum of Three Months x (Daily Closing USD Price x Daily Volume of Shares Traded) x Total Volume of Shares Traded in Three Months

The actual phantom share grants to be awarded to each executive are authorised by the Remuneration Committee of the Board, based on the calculation set out above and the condition that the minimum performance threshold of 75% of the target individual performance results was met. If the individual performance condition is not met the Remuneration Committee of the Board may determine to decrease the phantom shares grant to that executive.

Grant Dates

LTIP awards are granted to Executives on:

- April 1st 2015 for the 1st cycle;
- April 1st 2016 for the 2nd cycle;
- April 1st 2017 for the 3rd cycle.

Vesting Dates

The 1st cycle vests in 3 phases – 20% on March 31st 2016, 30% on March 31st 2017, 50% on March 31st 2018. The 2nd cycle vests 100% on March 31st 2019. The 3rd cycle vests 100% on March 31st 2020.

Vesting Conditions

The LTI deferred compensation vests on the vesting date subject to the following performance conditions:

1. Nordgold corporate results for EBITDA and OCF for the completed operational years of the cycle are acceptable based on judgment of the Remuneration Committee of the Board;
2. The eligible Executive has met threshold of 75% of target for individual performance results for all of the completed operational years between the LTI grant and the LTI payout. If the performance conditions are not met the Remuneration Committee of the Board may determine to reduce the payout or pay no deferred award. Thus, the final percentage of vested phantom shares grant is determined for each Executive by the Remuneration Committee of the Board. The vested shares are paid out on condition that the eligible Executives are employed by one of Nordgold companies on the day of payout. If an Executive leaves the Company for any reason all his / her phantom shares whether or not vested are forfeited and will not be paid out.

Payout Calculation

All vested phantom shares are paid out upon vesting. The payout is calculated using the formula:

$LTI_{payout} = LTI_{grant} * (Price_{end} + Dividends_{R1...Rn})$

where:

LTI_{payout} is the amount expressed in USD to be paid out to an eligible Executive;

LTI_{grant} is the number of phantom shares awarded to an eligible Executive at the beginning of the cycle;

$Price_{end}$ reflects the weighted average price per share at the London Stock Exchange during the last 3 months of the last calendar year of the cycle prior to the payout date; the weighted average price per share is calculated using the formula:

Sum of Three Months (Daily Closing USD Price * Daily Volume of Shares Traded) Total Volume of Shares Traded in Three Months

$Dividends_{R1...Rn}$ reflects the income per share resulting from the reinvestment of the dividends paid over the duration of the respective LTIP cycle. For the purpose of this Plan the share price for reinvesting dividends is determined as the closing price per share on the day of dividend payment;

The income per share from the reinvestment of the dividends paid is calculated using the formula:

$(Dividends\ 1_{paid} / Price\ 1_R + Dividends\ 2_{paid} / Price\ 2_R + Dividends\ N_{paid} / Price\ N_R) * Price_{end}$

where:

$Dividends_{paid}$ reflects the amount of dividends per share paid per payout;

$Price_R$ reflects the share price for reinvesting dividends determined as the closing price per Share on the day of dividend payment.

The daily closing prices and dividends used for calculations are expressed in US dollars.

The final payout may not exceed 200% of the annual bonus amount approved as a payout for an executive for the performance year preceding the LTI grant for the respective cycle, as expressed in USD on the date of the bonus approval.

Payout Rules

LTIP cash bonuses will be payable provided that the participant is still employed by the Company on the payment date, or where the participant is a “good leaver”, which is the case when the participant leaves the Company’s employment due to:

- death, injury, disability or ill-health, as determined by the Chief Executive Officer and the Remuneration Committee of the Board;
- the Company by which the participant is employed ceasing to be part of Nordgold;
- retirement per the effective official retirement rules; or
- any other reason the Chief Executive Officer and the Remuneration Committee of the Board decide in their absolute discretion.

If the participant leaves the Company and is not qualified as a “good leaver” by the Chief Executive Officer and the Remuneration Committee of the Board, all his or her unpaid awards, whether or not vested, are forfeited and will not be payable or available for redistribution to other participants.

As determined by the Chief Executive Officer and the Remuneration Committee of the Board LTIP cash bonuses may not be paid for extended “out of service” periods, which is the case when the participant takes career break, educational leave, maternity leave, extended medical leave or other similar leave. In such cases the payout is pro-rated to the relevant period of service.

LTIP cash bonuses will be paid to the participant only where the participant remains a member of the Executive Team during the full LTIP cycle, unless otherwise decided by the Chief Executive Officer and the Remuneration Committee of the Board.

Payout Timing

Calculation of LTIP cash bonuses is made upon vesting and approved by the Remuneration Committee of the Board. All corporate and relevant individual performance KPIs may be subject to review by the Company’s external auditors by the decision of the Remuneration Committee of the Board. Approved LTIP cash bonuses will be paid on the next payroll date following approval by the Remuneration Committee of the Board. The LTIP cash bonuses are subject to taxation under the applicable tax regulations.

Clawback

If an LTIP cash bonus has been paid on the basis of incorrect financial or other data, the Remuneration Committee of the Board may determine that the Company is entitled to recover from the employee any amount of the LTIP cash bonus in excess of the bonus that should have been paid on the basis of the correct financial or other data. This right of recovery exists irrespective of whether the participant has been responsible for the incorrect financial or other data or was aware of the inaccuracy and the decision of the Remuneration Committee of the Board will be final and binding. Such recovery will be in accordance with the provisions of the applicable Labor Code.

Change in Share Capital

In the event of any change in the Company’s share capital, the LTIP may be adjusted as determined by the Remuneration Committee of the Board with the aim of maintaining participants’ alignment with shareholder interests and motivation to continue building shareholder value.

Change of Control

For this purpose, “Change of control” over Company means that the number of Company’s shares owned by Alexey Alexandrovich Mordashov ceases to be, directly or indirectly through third parties, more than fifty (50) per cent plus one (1) share in the Company’s charter capital.

In the event of a change of control over the Company, all vested awards will be paid to participants and non-vested awards will vest on a pro-rated basis and be payable to participants depending upon the extent to which the relevant performance conditions have been met at the time of the change of control.

LTIP Administration

Administration of the LTIP is the responsibility of the Company’s HR department, including all communications with LTIP participants.

Nordgold currently does not have any incentive plans in place pursuant to which Nordgold shares are issuable with, although it intends to implement performance-based incentives through share incentives, consistent with the market standards in the industry in which Nordgold operates.

Benefits

Medical Insurance

The Company provides medical insurance for its Senior executives at the Company’s cost. Medical Insurance for family members or partners is not provided.

Life Insurance

The Company provides life and accident insurance for its Senior executives up to a maximum coverage of one time annual base salary.

Benefits

The Company provides certain of its Senior executives with allowances for the use of car and driver, as well as personal fitness and pension arrangements.

These allowances are provided as fixed amounts in cash on a monthly basis.

The Company does not provide any benefits-in-kind to Senior executives, including car and driver arrangements, personal fitness facilities or pension schemes. The Company does not accrue any amounts in respect of an obligation to provide pension, retirement or similar benefits.

No loans, guarantees or similar arrangements have been provided to Executives.

Travel Policy

Due to intensive travel schedules and remoteness of the Company’s operations Senior executives are provided business class travel to all destinations on Company business.

Non-executive Directors remuneration

The remuneration structure for the non- executive directors consists of a gross fixed base salary unless explicitly waived by the individual director and is fixed by respective engagement with the individual director.

The remuneration may include bonuses at the recommendation of the non-executive directors.

Non-executive directors that are nominated by the shareholder may receive compensation for serving as non-executive directors, at the discretion of the executive directors.

A non-executive director will not have an entitlement to participate in any share scheme operated by the Company during his appointment as non-executive director.

In principle the Company does not grant any loans to any non-executive director.

In addition to the remuneration structure set out in this Remuneration Policy additional remuneration can be agreed upon with an individual non-executive director in accordance with applicable law and may include insurance benefits, including medical, permanent health, life insurance and directors' liability, reimbursement for travelling and other out-of-pocket expenses in connection with their duties.

Approach to remuneration in 2014

Prior to the adoption of the update Policy the fees of the Directors were decided by the Board and the remuneration of Executives was guided by the policy approved by the Remuneration Committee of the Board on the 8th of November 2012.

The long term incentive portion of the policy was further revised on the 4th of November 2013 and on the 17thof November 2014.

In line with the executive remuneration policy, Nordgold conducted annual performance assessments and paid out annual rewards in 2014 as well as defined remuneration packages for the new Executives who obtained their Executive positions in 2014.

In 2014 the remuneration of the Executive Directors and other Executives was comprised of the following elements:

a. base salary;
b. annual performance bonus;
c. long-term incentive;
d. benefits.

Component	Details
Base salary	In 2014 no changes were made in the base salaries of Executives.
Annual performance bonus(short-term incentive)	On-target annual performance bonus is 100% of annual base salary for a CEO, 80% of annual base salary for a COO, 75% of annual base salary for other CEO direct reports. Starting in 2015 CEO annual bonus potential is changed to 150% of annual base salary. Short-term incentive is designed to have an upside and downside leverage depending on Company and individual performance results: the superior performance levels produce 150% of the bonus potential, while performance results below 75% of budgeted results in nil bonus payout. The bonus is 50% based on the Company performance objectives and 50% on individual performance objectives. The Company performance target in 2014 has been linked to EBITDA, OCF and LTIFR. Meeting the criteria is determined by the Remuneration Committee based on the financial statements approved by the Audit Committee and audited by external auditors. The role-specific objectives for Executives cover the following performance areas: occupational safety, operational efficiency, resource portfolio, human capital development, new mine investment programme and financing strategy.
Long-term incentive	Two LTI grants were in effect in 2014: the grant made in July 2012 for 2.5 years and the grant made in April 2013 for 3 years. The grants per each plan were: 250% of annual base salary for CEO, 200% of annual base salary for Level 1 Executive Team members and 100% of annual base salary for Level 2 Executive Team members. The 2012 grant vested with zero payout, the 2013 grant has not yet vested in 2014. The

Component	Details
	outstanding grant is linked to the performance against the Absolute Share Price target and the Total Shareholder Return relative to twelve comparator companies. In 2014 no new grants were awarded. LTI grants linked to 2014 performance will be approved in May 2015 in accordance with the LTIP approved on the 17th of November 2014. The new LTIP is a cash-based plan with final rewards payable in the form of bonuses. Nordgold currently does not have any incentive plans in place pursuant to which Nordgold shares are issuable, although it intends to implement performance-based incentives through share incentives, consistent with market standards in the industry in which Nordgold operates.
Benefits	Benefits include medical insurance, life and accident insurance, as well as a flexible cash benefit allowance in lieu of pension, cars and other benefits. No loans, guarantees or similar arrangements have been provided to Executives.

The Remuneration package comprises of performance and non-performance remuneration elements. The performance related components are the incentive schemes referred to above as the annual performance bonus and long-term incentives. The relative split between the performance related and non-performance related pay is shown below:

	Performance Related Pay (Annual Performance Bonus)[1]	Base Pay	Non-performance related pay (benefits)
CEO	48.2%	48.2%	3.6%
COO	41.6%	52.1%	6.3%
CEO Direct Reports	40.1%	53.5%	6.4%

[1] The percentages quoted were calculated based on on-target short-term performance related pay.

The table illustrates that a significant proportion of executives' pay is performance-related.

Performance management

Nordgold performance management system is designed to ensure that any employee is acting within the Company's strategic priorities and delivers on factors which are critically important to the Company's success. These factors are financial success, productivity and sustainable development.

The Board of Directors and Remuneration Committee are involved in defining performance goals which are divided into Company and individual goals. Alongside defining goals, the Board, together with Executives, also establishes KPIs and standards to measure performance.

A significant portion of the Executive remuneration is performance-related. All criteria for determining the facts and the amounts of annual bonus payouts and long-term incentive plan awards were designed in a way to link the criteria with the strategic goals of the Company. Annual bonus for 2014 is based on EBITDA, OCF and LTIFR which are the core indicators of the Company's overall performance and strategic goals to increase production, improve operational efficiency and ensure safe and sustainable operations. Long-term incentive plan awards granted in 2013 are connected with Total Shareholder Return and Absolute Share Price criteria, which are best for unifying shareholders and executives' interests and making the Company attractive for investors. In 2014 no awards have been granted. All variable remuneration plans provide a possibility to claw back variable remuneration paid out on the basis of incorrect data, and/or to reduce unvested variable remuneration awards in case the outcome would produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved.

Nordgold intends to continue implementing the current performance management approach in 2015. The Annual Performance Bonus objectives set for Senior Executives for 2015 include:

	Weight in the Annual Bonus Structure
Nordgold EBITDA	15%
Nordgold Operational Cash Flow	25%
Safety, reduction of LTIFR	10%
Individual / Functional Targets	50%

The following payouts will apply depending on performance results:

Payout as % of Bonus Potential for Results below 75% of Target	Payout as % of Bonus Potential for Results at 75% of Target	Payout as % of Bonus Potential for On-target Results	Payout as % of Bonus Potential for Results at or above 125% of Target
0%	50%	100%	150%

Remuneration benchmarking

Reputable international compensation survey providers are used to obtain benchmarking data, and to set base salary levels, annual variable compensation, long-term plan awards and benefit provision. The benchmark group utilised in 2014 included the following FTSE & TSX listed mining companies with revenue between 0.2 and 2.4 billion GBP and an operational and geographical scale similar to Nordgold: Centerra Gold, Eldorado Gold, Randgold Resources, Petropavlovsk, African Barrick Gold, Polymetal International, Agnico-Eagles Mines, Yamana, Harmony, Buenaventure, Iamgold and Polyus Gold. The results of the benchmark showed that the executives' level of pay was on the low end of the target market. In order to achieve better alignment, decisions on increases are planned for 2015.

Remuneration in 2014

Remuneration of Board members for the year 2014 is presented below. The amounts in the table below reflect the full fees of all Board Directors paid for their services in capacity of Board members. They do not receive any deferred pay, bonus or other types of remuneration in that capacity other than the stated fees.

Actual Board members' gross remuneration paid for the period January 2014 to December 2014 in US dollars (1):

		US$
David Morgan	Chairman of the Board of Directors	229,847
Philip Baum	Chairman of the Board of Directors (2)	108,258
Alexey Mordashov	Non-Executive Director	-
Peter Lester	Non-Executive Director	164,177
Michael Nossal	Non-Executive Director	164,177
Peter Bacchus	Non-Executive Director(5)	Elected to waive his fee. Nordgold has decided to make a donation for this amount to charity.
Roman Elkin	Non-Executive Director	-
Nikolai Zelenski	Chief Executive Officer, Executive Director	24,000(3)
Sergey Zinkovich	Executive Director(4)	9,000(3)
Evgeny Tulubensky	Executive Director (5)	-
Mikhail Noskov	Non-Executive Director (6)	-

(1) All compensation is paid to Nordgold Directors in pounds sterling, except Nikolay Zelenski and Sergey Zinkovich who were paid in US dollars. The values indicated in the table have been converted to US dollars, Nordgold's reporting currency, at a rate of £0.6091/USD 1.00, being the average GBP/USD exchange rate for the period from January to December 2014.

(2) Served as the Chairman until the 30th of June, 2014 and was succeeded by David Morgan.

(3) Remuneration amount in the table above is indicated as per their Director's appointment letter and does not include remuneration received from the Group in relation to their executive duties, which could be found below.

(4) Served as a director until the 14th of May, 2014.

(5) From the 1st of July, 2014.

(6) Until 30th of June, 2014.

The following table and notes below describe the total compensation of the following executive directors for services rendered in all capacities to Nordgold and its subsidiaries during 2014.

		Base salary[1], US$	**Annual bonus[1], US$**	**Benefits allowance[1], US$**	**Total remuneration[1], US$**
Nikolai Zelenski	Director and Chief Executive Officer	742,560	748,534	54,677	1,545,771
Sergey Zinkovich	Director and Chief Financial Officer until 14th of May, 2014	299,729[2]	0	6,186	305,915
Evgeny Tulubensky	Chief Legal Officer; since 1st of July 2014 Executive Director,	253,530	285,222	31,252	570,004[3]

(1) All compensation is paid to the Named Executive Directors in Russian roubles. The values indicated in the table have been converted to US dollars, being the currency Nordgold uses in its financial statements, using effective monthly RUB/USD exchange rates for each month during the period from January to December 2014.

(2) Including payment for unused vacations.

(3) Compensation for the full year.

The total cost incurred by Nordgold in 2014 in relation to the CEO and his six direct reports amounts to US$ 4,696,120, not including payroll taxes. All compensation is paid to the senior management team in Russian roubles (except COO, paid in USD). The value has been converted to US dollars using effective monthly RUB/USD exchange rates for each month during the period from January to December 2014.

Relative importance of spend on Executive pay in relation to remuneration of all employees is as follows:

	Average Annual Salary Movement between 2013 and 2014, %	**Actual expenditure in 2014, excluding payroll tax, US$**	**Relative Importance of spend on pay, %**
All employees	0,9%	197,501,000	100%
CEO and direct reports[1]	(20%)	4,696,120	2.4%

(1) The Senior Executive salary movement comparison was done on a comparable basis; only the remuneration of the CEO and his direct employees who had worked the full year both in 2013 and in 2014 was included in the analysis. All compensation is paid to the Senior Executives in Russian roubles (except COO, paid in USD). The 2014 value has been converted to US dollars using effective monthly rates of 33.457 in January, 35.224 in February, 36.211 in March, 35.662 in April, 34.927 in May, 34.407 in June, 34.635 in July, 36.110 in August, 37.870 in September, 40,759 in October, 45,800 in November, and 55,413 in December - Russian roubles to 1.00 US dollar, for the period from January to December 2014. For 2014 bonuses payable in the February 2015 payroll, the applied exchange rate was 65.0862 Russian roubles to 1.00 US dollar.

Recruitment Policy

Nordgold recruitment policy was formalised on the 1st of October 2013. It specifies the approach and the process taken by the Company to fill staff vacancies. When initiating the recruitment process, Nordgold seeks to ensure that the following requirements are satisfied in the process of making the hiring decision:

- scope of the role is defined;
- there is clarity regarding the suitability of the role into the organisational structure;
- target compensation package is relevant to the role, Nordgold compensation policy and appropriate for the budget;
- there is clarity regarding qualification requirements;
- an appropriate panel of interviewers is in place;
- interviewers / assessors have clarity regarding selection criteria and areas of assessment;
- internal and external candidates are given equal consideration;
- a fair, and relevant to the labour market, number of candidates are considered;
- there is no discrimination (based on race, nationality, religion, age, gender, etc.) in the selection process;
- selection is based on merit;
- finalist reference check is conducted;
- finalist shares Nordgold corporate values;
- there is proper communication to all the candidates during the recruitment process;
- the newcomer is duly on-boarded into the employing entity; and
- confidentiality is maintained regarding all candidates data.

When recruiting for Senior Executive roles Nordgold presents the finalists to the Remuneration Committee members and other Board Directors for approval.

Risk Management

System of risk management

The Nordgold Group has a system of risk management consisting of adopted regulations, risks registers, controls and responsible authorities. The system allows our senior management to identify, assess and control the risks that we face, and thus realise the strategic and operational objectives of the Group. For us risk management is a part of the Company routine integrated into its planning and management processes.

As part of the risk management regulations, Nordgold has developed and adopted Risk Management Policy, Risk Management Procedure, and other regulations applicable for all the business units and functional departments of the Nordgold Group.

The Risk Management Policy was approved by the Chief Executive Officer on the 15th of August 2012. The Policy covers main principles, the goals and responsible parties involved in the Company's risk-management-related actions, which are described in the Risk Management procedure.

The objective of Risk Management policy is to ensure that subsidiaries of Nordgold take all reasonable and cost effective steps in the identification, analysis and economic control of risks that could threaten the assets, earning capacity or business objectives of our organisation.

The Risk Management Procedure was adopted on the 27th of July 2012 and covers the processes of identifying and evaluating strategic and operational risks, the creation of a Risk Matrix and finally managing and monitoring of risks.

According to Risk Management Procedure, risks are divided into two types:

- Strategic;
- Operational.

Strategic risks are uncertain future events that may adversely affect the achievement of our vision and strategic objectives.

Operational risks are events, which may adversely affect the performance or effectiveness of our day-to-day operations.

An important part of the Risk Management procedure is identifying risks and compiling the Risk Registers.

There are 5 different types of Risk registers:

- Site Operational Risk Registers (register of individual mine or Business-unit).
- Company Strategic Risk Register (prepared during strategic planning cycle).
- Company Risks Register (combination of all Business units' Risk registers, contains both strategic and operational risks).
- Key Risk Register (above the Unacceptable Risk level) that contains strategic and operational key risks.
- Top-10 Risk Register, used for Strategic and Business planning and Audit Committee review.

Identified risks are assessed according to the criteria of likelihood and impact.

In 2014, the Company started to work out the detailed risk registers at the level of the business units. By the end of 2014, Risk registers were ready at 8 out of 10 business units. This process is planned to be finished at the residual business units by March 2015.

To manage our risks, we have established appropriate internal controls. These help the Board to ensure that the risks associated with our business are effectively managed. Identifying, evaluating and managing our risks is an ongoing process (carried out in an annual cycle), as is the development of internal controls. We promptly address any weaknesses we find in our risk management or internal controls.

While identifying and managing economic, environmental and social risks and opportunities, we also take into account the opinions of our major stakeholders.

The effectiveness of risk management is annually reviewed by the Board.

General Directors of the business units and the Group functional directors are responsible for ensuring that this policy is adopted within their area of responsibility and that they have appointed individual heads of departments to be responsible for specific risk management actions, defined in the Procedure.

Risk Manager (Chief Risk Officer) is responsible for efficient risk management methodology, support of Business Units to ensure consistent integrated approach and cost effective implementation of this Policy and Risk Management Procedure.

The Internal Audit function is responsible for objective assurance so that all Business Units of Nordgold comply with this policy.

Anti-Bribery and Corruption Policy

Anti-Bribery and Corruption Policy (ABC Policy) was accepted and approved by the Board of Nord Gold NV on the 30th of August 2013.

This Policy established the general anti-corruption principles and requirements and regulates the relevant activities of the Group's officials, management bodies and employees. This Policy is binding for all the legal entities within the Nordgold Group (the Affiliates).

The purposes of this Policy:

- Determining anti-corruption and anti-bribery requirements for the business conducted in the jurisdictions where the Company operates;

- Ensuring that the Company's business complies with the applicable laws and requirements of the relevant regulatory authorities including those concerning the fight against corruption; and
- Combating corruption and the reduction of relevant risks.

By implementing an ABC Program Nordgold is able to clearly and concisely communicate to all stakeholders the principles and rules which govern the Company in terms of anti-corruption activity.

ABC Policy regulates the following matters:

- Bribe offer and acceptance;
- Gifts and Hospitality Expenses;
- Facilitation Payments;
- Sponsorship and Charity;
- Employment of Officials;
- Third Party Relationships; and
- Purchase of Shares in the Company, Joint Ventures, Mergers and Acquisitions.

The Company is committed to complying with the UK Bribery Act 2010 as well as with any other anti-corruption laws effective in the countries where the Company operates. All newly employed persons are to be familiarised with the requirements hereof within forty-five (45) days as from the first day of employment with the Company as part of the induction program.

According to the ABC Policy, the CEO of the Company as well as General Managers or Deputy General Managers of the Company's Affiliates are responsible for timely communication of the Policy provisions to their employees.

In 2014, ABC risk assessment was implemented in all business units by the decision of the Board of Directors. To assess the risks, we used '2010 Bribery Act' (Adequate procedures checklist) by Transparency International UK, containing 227 indicators. As a result, a procedure to implement the policy of mandatory compliance with the program for employees was designed.

Up to now, there are more than half of completed actions (Indicators) in total. In the near future, we plan to continue the further development of the ABC controls.

The action plan is based on the priority of risks and actions and will be kept under review and revised as necessary. Proper and sufficient actions will be added to control new risks. The Head of IA IC&RM (internal audit, internal control and risk management) as a Project Manager appointed by the Chief Executive Officer will monitor the actions, deadlines and quarterly report to the Board Audit Committee about the status of planned management actions.

All new employees during induction are informed about the implementation of ABC procedures and requirements. The program and schedule of this process are subject to an employee's job duties and set forth in the internal regulatory documents of the Affiliates.

Whistleblowing Procedures

The Board of Directors adopted the Whistleblowing procedure for the submission of complaints regarding questionable accounting, auditing, ethical and other matters in 2012.

NAVEX Global, the US Ethics and Compliance Experts are contracted as an independent and confidential Whistleblowing service in all Nordgold's sites. Whistleblowing service is also available at the website in English, French and Russian (https://nordgold.alertline.eu)[1].

[1] Hotline for Russia - 8 495 363 2400, Kazakhstan - 8 800 121 4321, Burkina Faso and Guinea - 00-1 704 414 5965

In Nordgold, there is an Ethics Committee (whose membership includes a number of senior executive directors, including the Chief Executive Officer and Chief Legal Officer). In certain cases the committee reviews comments received via the whistleblowing hotline and, where necessary, makes suggestions for remedial action. Each quarter, the Audit Committee is provided with a report of issues raised by the whistleblowing hotline and any corrective actions instigated following a review by the Ethics Committee.

Nordgold encourages a culture of openness, so that all employees and third parties can confidentially report any serious concerns they have about questionable accounting or auditing matters. In case of any questions regarding the best course of action to be taken in a particular situation, or if an employee suspects a possible violation of a law, regulation, or Code of Business Conduct and Ethics, the employee should follow the procedures described in this document.

In 2014, 21 issues were reported to the Hotline, 9 of which were addressed to the Ethics Committee. Out of these, 20 issues were resolved and one open issue (reported in December, 2014) remains under investigation.

Code of Practice on dealing in Securities

The Code of Practice on dealing in Securities of the Company was adopted by the Board on the 11th of October 2010.

These rules are intended to ensure that persons discharging managerial responsibilities (PDMRs) and other employees with regular or incidental access to inside information, do not abuse, and do not place themselves under suspicion of abusing, inside information that they have or may be thought to have, especially in periods leading up to an announcement of the Company's results.

The Code imposes restrictions on dealing in the Company's securities in accordance with the Model Code as set out in the Financial Conduct Authority's Listing Rules. Nothing in these rules sanctions a breach of any relevant legal or regulatory requirements. In particular all directors and employees must comply with applicable 'insider trading' legislation in relation to dealing in the Company's securities and securities of other companies where they obtain inside information.

Key risks

In the course of the operational activity, Nordgold faces a number of risks typical for the gold mining industry.

The TOP-10 risks that were evaluated during the Risk Management Processes are set out below.

Top risks and ways of their mitigation

Risk	Description	Mitigation
Cost increase	Cost increase in the gold mining sector continues to intensify over the next several years, due to a number of key factors, including labor, energy, ore grades, currencies, supplier constraints, taxes, etc. The pressure is increasing on the margin in the environment of global economic depression, uncertainty about commodity prices, higher input costs and potential currencies risks in all Nordgold's jurisdictions (Russia, Western Africa and Kazakhstan).	Nordgold conducts detailed analysis of TCC (by processes) and gold price, development and implementation of corrective management plans (Cost cutting initiatives). Preventive controls include: Expenditure and payment control (including cash controls by Nordgold Treasury, weekly selectors, investment cards approval, etc.). Investment programs are focused on cost efficiency. The Tender Procedure and all purchases are made on a

Risk	Description	Mitigation
		competitive basis. The Security department (during the tender) and Internal Audit department verify the market prices and selection of suppliers. There are new cost effectiveness initiatives: 1.Development of middle management (with the aim to prevent non-effective or mistaken decisions); 2.Organisational improvements, including unification of the processes, deleting of excessive administration barriers, standardisation and business process improvements, Business Standards, SAP; 3. Global technical Service (GTS), consisting of 3 streams: Technological (drilling of geological exploration holes, cyanidation, gold extraction process etc.); Technical availability and utilisation of mining transport and equipment, critical spare parts management. Rationing of materials (consumption norms), cyanide, sulfuric acid, etc.
Significant decrease of gold price	In the environment of possible strengthening of the global economic crisis and uncertainty with the world gold price, gold prices in all Nordgold's jurisdictions (Russia, Western Africa and Kazakhstan) might reduce. There is a risk of dramatically increasing the pressure on the margin, which might lead to the non-achievement of our strategic objectives.	Currently we continue to monitor macroeconomics and gold prices, and to develop strategic scenarios with different gold prices. The Company is potentially ready to consider significant cost reduction initiatives in the case of a dramatic decrease of gold prices.
Sanctions against The Russian Federation	The European Union might impose new economic sanctions caused by the 'Ukrainian Crisis' against the Russian Federation and/or Russian companies. If the European Union imposes restrictions on import of precious metals, it will affect all exporters of gold, silver and platinum. Although Nordgold has no direct sales of gold to the EU from Russia, these restrictions might lead to the delay of sales, decrease of price and increase of expenses for the logistics of the gold business. Potentially the sanctions might be escalated to all Nordgold business units (including African business units).	Nordgold continues to monitor the development of any new economic sanctions, discuss and develop the alternative ways to sell gold.
Ebola at Nordgold's West African	Inefficiency of Ebola infectious disease control on sites. Employees are catching the infectious disease. Sites	Nordgold has developed an awareness campaign and established infectious disease control programs at each

Risk	Description	Mitigation
mines: potential threat to personnel and production	might be closed by authorities for quarantine. Business interruption of involved business units. The Ebola infectious disease might spread to the corporate head office and other Business units (via employees who visited infected sites). Reputational risks.	of the African business units. In 2015, the Company will continue to monitor the situation concerning the spread of Ebola and implement applicable controls and best situational practices to be able to respond to the infectious disease.
Burkina Faso political and economic instability in one-year transition period until the polls in November 2015.	In 2013-2014 Burkina Faso experienced a number of public protests over the cost of living, corruption and other socioeconomic issues. As a result, the President was forced to leave power on the 1st of November 2014. The above-mentioned political tensions might lead to possible business interruption, threat to employees, loss of assets caused by terror or changes in Burkina Faso legislation (including nationalisation of assets).	Nordgold is monitoring the development of the political and economic situation in Burkina Faso, with a continuation to develop public and general relationship with local and national authorities. In 2015, the Company will also be discussing and developing the alternative scenarios.
Safety of employees	Due to non-proper implementation of the Labour safety Code and corresponding labour safety procedures, a possibility of injuries or deaths in the mines still exists.	The labour safety Code is issued and applicable for all business units and all staff. All business units are strictly compliant with Labour legislation. There are qualified and highly professional personnel in the Labour Safety Departments in all business units. Regular compliance audits are conducted by Internal Audit and Management of the Company. All accidents and corrective controls are considered by the Safety and Sustainable Development Committee. LTIFR is included in Management KPI and part of management's bonuses are connected with this KPI.
Production Plan	The Production plan might not correspond to the production capacity of mine and gold processing plant, quality of mineral reserves and availability of qualified staff, which might lead to the non-achievement of the plan.	The Company has conducted detailed analysis and discussion of production plans in defence of the proposals, grade control process, and pre-development explorations. The Company has improved geological modelling to make it reliable and sufficient for completion of the Production Plan. Management KPI is focused on the achievement of production.
Unexpected business interruption.	Unexpected business interruption might lead to a significant delay in the production with a decrease of profit following.	Risks identification and elaboration of mitigating controls (including key spare parts management, maintenance program for key production equipment etc.). The creation of the centre of competence for key production equipment. The sharing of information and

Risk	Description	Mitigation
		discussion on business interruption issues. The creation of a consignment warehouse for key spare parts. The creation of a Business Continuity Plan for all mines Nordgold's future activities include: Analysing the current situation with emergency action plans in all business units and if necessary, creating or updating plans; Launching the pilot project "Business continuity plan" in Suzdal.
Safety preventive control.	The possibility of injuries or deaths in mines and unsafe working conditions remain due to the peculiarities of the gold mining industry.	Nordgold conducts the following measures: Monitoring by Safety and Sustainable Development Committee. Clear guidelines of Nordgold Safety Policy. Analysis and investigation of all accidents. Experienced Labour safety personnel. Safety compliance audit and Internal Audit. Best practice investigation and implementation of new Personal Safety Equipment. Labour Safety Code and corresponding labour safety procedures should be developed and implemented more properly. More technical services aimed at safety and efficient production should be implemented
Geological Survey: Sufficiency and reliability of data.	Geological data might not be sufficient or reliable for efficient exploration of mines, which might lead to wrong decisions by management in mining and non-achievement of corporate objectives.	We conduct the following measures: Detailed geological models are created and constantly updated. Comprehensive software for geological models is used. Geological department consists of experienced geologists and other specialists able to perform successfully complicated geological research in different countries. Quality Control and Quality Assurance process (QC-QA), independent audit of resources/reserves and QC-QA system are conducted.

Appendix

Independent Audit's Report

Deloitte.

To: the Shareholders and Board of Directors of Nord Gold N.V.

Report on the audit of the financial statements 2014

Our Opinion

We have audited the financial statements 2014 of Nord Gold N.V. ("the Company"), based in Amsterdam. The financial statements include the consolidated financial statements and the company only financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Nord Gold N.V. as at 31 December 2014 and of its results and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-WRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The company only financial statements give a true and fair view of the financial position of Nord Gold N.V. as at 31 December 2014 and of its results for 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2014;
2. the following statements for 2014: consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended;
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company only financial statements comprise:

1. the company balance sheet as at 31 December 2014;
2. the company income statement for 2014;
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of Nord Gold N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment, we determined materiality for the financial statements as a whole at USD 14.9 million. The materiality is based on 6% of profit before income tax, adjusted for impairment charge and foreign exchange gains and losses. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit committee that misstatements in excess of USD 0.8 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Nord Gold N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Nord Gold N.V. Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our Group audit scope focused on covering all significant reporting components in the Russian Federation, Burkina Faso and Guinea. We determined the type of work that needed to be performed at these reporting components and have used the local Deloitte auditors to carry out the audit procedures.

By performing the procedures by local Deloitte auditors, together with additional procedures at Group level, we have been able to obtain sufficient and appropriate audit evidence about the Group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors and Audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Potential impairment of property, plant and equipment Given the risk that the carrying value of the mining assets and capital construction in progress may not be recoverable, management has performed a review for indicators of impairment across the portfolio of assets held.	We challenged management's significant assumptions regarding the impairment test amongst others by: Evaluating the group's policies and procedures to identify triggering events for potential impairment of assets related to underperforming mines.

Key audit matter	How our audit addressed the matter
Management has completed a value in use calculation based on a life of mine model, and using specialist input on key operational assumptions, which determined a discounted cash flow value for all business units higher than the carrying value, and accordingly no impairment was recorded. The operational plans for the mining asset have been refined following the change in reserves identified. Key financial assumptions included a long-term forecast gold price of $ 1,259 USD per oz and a discount rate of ranging from 8.4% to 11.2%. The calculated net present value is highly sensitive to these assumptions.	Using our internal mining specialists to perform an assessment of the mine plans for selected business units, including the operating and capital expenditure and the recovery from the declared ore reserves. Assessing the accuracy of key assumptions used in the models. Assessing the long-term gold price forecast methodology and benchmarking the long-term gold price forecasts to other external forecasts. Considering the discount rates used with the involvement of our valuation specialists. Running a range of sensitivitiy analyses to confirm that no impairment was required if a range of less optimistic assumptions were adopted. Discussing the key assumptions with the Audit Committee and Senior Management and obtaining representations that these are considered management's best estimates at the time of publishing the financial statements. Assessed that the main assumptions and related uncertainties are appropriately reflected in the sensitivity disclosure in note 17 to the consolidated financial statements.
Potential impairment of exploration and evaluation ("E&E") assets The Group capitalizes E&E expenditure in line with IFRS 6: Exploration for and Evaluation of Minerat Resources. The assessment of each asset's future prospectively requires significant judgement. There is a risk that amounts are capitalized which no longer meet the recognition criteria of IFRS 6. Management has performed a full review of the E&E portfolio of assets. As a consequence, an impairment loss of USD 22 million was recognized during the year.	We: Held discussions with key operational and finance staff to understand the exploration and evaluation activities. Evaluated management's assessment of the existence of impairment indicators in the portfolio of E&E assets. Audited the exploration license terms and conditions. Audited management's approved exploration budgets for 2015 in order to confirm that exploration projects were ongoing and committed.
Potential obsolescence of stores and spares inventory Inventories are required to be carried at the lower of its cost and net realizable value. The Group has high stores and spares inventory balance, in particular at the Lefa mine in Guinea, which reflects the need for key spares to be available on site given the logistical complexity and delays in obtaining spares in the event of mechanical failure. The significance and ageing of the inventory balance could result in a heightened risk of obsolescence. During 2014, management undertook a comprehensive review of stores and spares with updates made to the provision required. At the Lefa mine an independent third party was involved in a full stock-count.	We: Held meetings with business unit and head office management to understand the procedures undertaken as part of the stores and spares inventory review. Attended inventory counts at all key business units, except for the Lefa mine. Assessed the results of full stock-count at Lefa by professional independent third party. Performed audit procedures on the company's analysis of slow moving stock and calculation of provision.
Recoverability of VAT related to operations in Guinea The Group has a significant receivable from the Guinea authorities in respect of input VAT originated in 2011-2014. There is a risk that the amount recorded in the	We: Evaluated the official correspondence with Guinea authorities, including a written confirmation of the

Key audit matter	How our audit addressed the matter
financial statements is not fully recoverable, and that management's expectations of timing of recoverability are not realistic. The amount of VAT as at 31 December 2014, and its classification into short-term and long-term portions are based on management's judgement and reflects the best estimate of the timing of the recoverability of this asset.	amount owed to the Group. Assessed the history of repayments. Held discussions with the Audit Committee and Senior Management to confirm the plans and obtaining representations that the amount recorded in the consolidated financial assets is considered management's best estimate based on the information available at the time of publishing the financial statements. Assessed that the main related uncertainties are appropriately reflected in the disclosure of critical accounting judgements, estimates and assumptions in note 2 to the consolidated financial statements.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-WRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless it is either intended to liquidate the Company or to cease operations, or there is no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Board of Directors is also responsible for overseeing the Company' s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor' s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor' s report. However, future events or conditions may cause the Company ceasing to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or, in extremely rare circumstances, when non-mentioning is in the public interest.

Report on other legal and regulatory requirements

Report on the management report and the Other Information

Report on the management report and the Other Information Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code concerning our obligation to report about the management report and other information:

- We have no deficiencies to report as a result of our examination whether the management report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the management report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were appointed as auditor of Nord Gold N.V. by the shareholders meeting as of the audit for the year 2013 and have operated as statutory auditor ever since that date.

Rotterdam, 21 April 2015,
Deloitte Accountants B.V.

Signed on the original: K.G. Auw Yang

Deloitte Accountants B.V., Wilhelminakade 1 3072 AP Rotterdam,
P.O. Box 2031 3000 CA Rotterdam Netherlands
Tel: +31 (0)88 288 2888
Fax: +31 (0)88 288 9929
www.deloitte.nl

Financial Statements

Consolidated Statement of Profit or Loss for the Year Ended 31 December 2014

(Amounts expressed in thousands of US dollars, except as otherwise stated)

		Year ended 31 December	
	Note	2014	2013 (as restated)
Sales	5	1,216,074	1,271,253
Cost of sales		(845,692)	(1,052,143)
Gross profit		**370,382**	**219,110**
General and administrative expenses	6	(59,886)	(66,941)
Impairment of non-current assets	17	(24,136)	(363,521)
Other operating expenses, net		(2,470)	(6,885)
Profit/(loss) from operations		**283,890**	**(218,237)**
Finance income	8	8,139	18,275
Finance costs	8	(109,118)	(69,414)
Profit/(loss) before income tax		**182,911**	**(269,376)**
Income tax (expense)/benefit	9	(59,944)	70,349
Profit/(loss) for the year		**122,967**	**(199,027)**
Attributable to:			
Shareholders of the Company		98,307	(218,087)
Non-controlling interests		24,660	19,060
Weighted average number of shares outstanding during the year (millions of shares) – basic and diluted	23	378.217	378.109
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share (US dollars)		0.26	(0.58)

Consolidated Statement of Other Comprehensive Income for the Year Ended 31 December 2014

(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Year ended 31 December	
	2014	**2013 (as restated)**
Profit/(loss) for the year	**122,967**	**(199,027)**
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences	(347,360)	(73,453)
Change in fair value of cash flow hedge	2,372	(4,541)
Revaluation of available-for-sale financial assets	15,452	(62,879)
Deferred tax on revaluation of available-for-sale financial assets	(1,990)	8,144
Other comprehensive loss for the year, net of tax	**(331,526)**	**(132,729)**
Total comprehensive loss for the year	**(208,559)**	**(331,756)**
Attributable to:		
Shareholders of the Company	(207,369)	(348,208)
Non-controlling interests	(1,190)	16,452

Consolidated Statement of Financial Position as at 31 December 2014

(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Note	31 December 2014	31 December 2013 (as restated)
ASSETS			
Current assets			
Cash and cash equivalents	11	127,692	244,042
Short-term deposits	11	190,175	-
Accounts receivable	12	34,103	51,787
Inventories	13	326,858	435,777
VAT receivable		46,507	82,656
Income tax receivable		4,345	10,854
Total current assets		**729,680**	**825,116**
Non-current assets			
Property, plant and equipment	15	672,607	816,356
Intangible assets	16	707,570	906,000
Long-term financial investments	14	47,020	16,534
Investments in joint venture and associate		2,663	3,105
Restricted cash		8,170	6,496
Deferred tax assets	9	21,739	26,466
Other non-current assets	18	56,302	31,502
Total non-current assets		**1,516,071**	**1,806,459**
TOTAL ASSETS		**2,245,751**	**2,631,575**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	19	4,851	326,678
Accounts payable	20	172,287	203,143
Income tax payable		17,869	44,196
Provisions	21	7,556	19,655
Total current liabilities		**202,563**	**593,672**
Non-current liabilities			
Long-term borrowings	19	939,531	641,279
Provisions	21	52,714	67,608
Deferred tax liabilities	9	39,094	59,683
Other non-current liabilities		10,657	18,736
Total non-current liabilities		**1,041,996**	**787,306**
Total liabilities		**1,244,559**	**1,380,978**
Equity			
Share capital	22	1,315,951	1,307,121
Additional paid-in capital	22	894,352	894,352
Foreign exchange differences		(435,662)	(114,152)
Accumulated losses		(846,670)	(912,439)

	Note	31 December 2014	31 December 2013 (as restated)
Revaluation reserve	22	13,075	(2,759)
Total equity attributable to shareholders of the Company		**941,046**	**1,172,123**
Non-controlling interests		60,146	78,474
Total equity		**1,001,192**	**1,250,597**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,245,751**	**2,631,575**

Consolidated Statement of Cash Flows for the Year Ended 31 December 2014

(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Year ended 31 December	
	2014	2013 (as restated)
Operating activities		
Profit/(loss) for the year	**122,967**	**(199,027)**
Adjustments		
Finance income	(8,139)	(18,275)
Finance costs	109,118	69,414
Income tax expense/(benefit)	59,944	(70,349)
Depreciation and amortisation	201,780	226,902
Impairment of non-current assets	24,136	363,521
Impairment of work-in-progress	-	22,813
Net loss from joint ventures	2,909	1,152
Loss on disposal of property, plant and equipment	794	2,166
Provision for obsolescence and write off of inventories	18,071	905
Provision for doubtful receivables and other provisions	(3,056)	(7,999)
	528,524	**391,223**
Changes in operating assets and liabilities:		
Accounts receivable	1,884	15,126
Inventories	(36,936)	(3,579)
VAT recoverable	(9,230)	804
Accounts payable	(16,436)	7,826
Other changes in operating assets and liabilities, net	1,408	(14,343)
Cash flows from operations	**469,214**	**397,057**
Interest paid	(53,953)	(52,165)
Income tax paid	(87,231)	(34,182)
Cash generated from operating activities	**328,030**	**310,710**
Investing activities		
Acquisition of property, plant and equipment	(115,175)	(162,334)
Acquisition of exploration and evaluation assets	(32,529)	(85,181)
Placement of short-term deposits	(189,000)	-
Investment into long-term financial asset	(19,519)	(5,733)
Proceeds from disposal of financial investments	-	19,133
Other movements	(433)	3,468
Cash used in investing activities	**(356,656)**	**(230,647)**
Financing activities		
Proceeds from borrowings	500,234	579,695
Repayment of borrowings	(520,935)	(347,893)
Acquisition of non-controlling interest in subsidiary	-	(24,040)
Dividends paid	(40,795)	(70,830)

	Year ended 31 December	
	2014	**2013 (as restated)**
Transaction costs paid	(7,500)	(8,324)
Other movements	(1,816)	(958)
Cash generated from financing activities	**(70,812)**	**127,650**
Net increase in cash and cash equivalents	**(99,438)**	**207,713**
Cash and cash equivalents at beginning of the year	244,042	44,991
Effect of exchange rate fluctuations on cash and cash equivalents	(16,912)	(8,662)
Cash and cash equivalents at end of the year	**127,692**	**244,042**

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2014

(Amounts expressed in thousands of US dollars, except as stated otherwise)

	Attributable to shareholders of the Company						Non-controlling interests	Total
	Share capital	Additional paid-in capital	Foreign exchange differences	Accumulated losses	Revaluation reserve	Total		
Balance at 1 January 2013	**1,306,900**	**894,292**	**(43,307)**	**(606,710)**	**55,544**	**1,606,719**	**84,583**	**1,691,302**
Effect of change in accounting policy (Note 3)	-	-	-	(14,148)	-	(14,148)	(337)	(14,485)
Balance at 1 January 2013, restated	**1,306,900**	**894,292**	**(43,307)**	**(620,858)**	**55,544**	**1,592,571**	**84,246**	**1,676,817**
(Loss)/ profit for the year	-	-	-	(218,087)	-	(218,087)	19,060	(199,027)
Other comprehensive loss for the year	-	-	(70,845)	-	(59,276)	(130,121)	(2,608)	(132,729)
Total comprehensive (loss) / income for the year						(348,208)	16,452	(331,756)
Issuance of ordinary shares	221	60	-	-	-	281	-	281
Dividends	-	-	-	(68,950)	-	(68,950)	(1,889)	(70,839)
Acquisitions of non-controlling interests	-	-	-	(4,544)	973	(3,571)	(20,335)	(23,906)
Balance at 31 December 2013, restated	**1,307,121**	**894,352**	**(114,152)**	**(912,439)**	**(2,759)**	**1,172,123**	**78,474**	**1,250,597**
Profit for the year	-	-	-	98,307	-	98,307	24,660	122,967
Other comprehensive (loss)/income for the year	-	-	(321,510)	-	15,834	(305,676)	(25,850)	(331,526)
Total comprehensive loss for the year						(207,369)	(1,190)	(208,559)
Issuance of ordinary shares	8,830	-	-	(4,678)	-	4,152	-	4,152
Acquisitions of non-controlling interests	-	-	-	11,549	-	11,549	(15,701)	(4,152)
Dividends	-	-	-	(39,409)	-	(39,409)	(1,437)	(40,846)
Balance at 31 December 2014	**1,315,951**	**894,352**	**(435,662)**	**(846,670)**	**13,075**	**941,046**	**60,146**	**1,001,192**

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2014

(Amounts expressed in thousands of US dollars, except as stated otherwise)

1. Operations

Nord Gold N.V. (the "Company") is a Dutch public limited liability company as defined in the Netherlands Civil Code. The Company's registered office is Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam Zuidoost, the Netherlands.

As at 31 December 2014, the immediate parent company of the Company was Ocean Management S.A.R.L. ("the Parent Company"), registered in the Luxembourg. As at 31 December 2013, the immediate parent company of the Company was Canway Holding B.V., registered in the Netherlands. The controlling shareholder of the Company as at 31 December 2014 and 2013 was Mr. Alexey A. Mordashov.

The principal activity of the Company and its subsidiaries (together referred to as the "Group") is the extraction, refining and sale of gold. Mining and processing facilities are located in Burkina Faso, Guinea, the Republics of Buryatia and Yakutia and the Amur and Transbaikal regions of the Russian Federation and in Kazakhstan.

A list of the Group's significant subsidiaries and voting power held by the Group is presented in Note 24.

2. Basis for preparation of the consolidated financial statements

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRSs EU") and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code. As the financial data of Nord Gold N.V. (the parent company) are included in the consolidated financial statements, the income statement in the Company only financial statements is presented in condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

Management is responsible for the preparation of these consolidated financial statements in accordance with IFRSs EU. The responsibility of management includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2013, except that the Group has adopted new and revised standards mandatory for financial annual periods beginning on 1 January 2014 in the European Union as described below.

The amended standard IAS 27 *Separate Financial Statements* carries forward the existing accounting and disclosure requirements of IAS 27 for separate financial statements with some clarifications. The requirements of IAS 28 and IAS 31 for separate financial statements have been incorporated into IAS 27.

The amended standard IAS 28 *Investments in Associates and Joint Ventures* combines the requirements in IAS 28 and IAS 31 that were carried forward but not incorporated into IFRS 11 and IFRS 12.

Amendments to IAS 32 *Financial Instruments: Presentation* – Offsetting Financial Assets and Financial Liabilities do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application.

IFRS 10 *Consolidated Financial Statements* supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 introduces a single control model which includes entities that are currently within the scope of SIC-12. Consolidation procedures are carried forward from IAS 27. When the adoption of IFRS 10 does not result a change in the previous consolidation or non-consolidation of an investee, no adjustments to accounting are required on initial application. When the adoption results a change in the consolidation or non-consolidation of an investee, the new standard may be adopted with either full retrospective application from date that control was obtained or lost or, if not practicable, with limited retrospective application from the beginning of the earliest period for which the application is practicable, which may be the current period.

IFRS 11 *Joint Arrangements* supersedes IAS 31 *Interests in Joint Ventures* and introduces a classification of all joint arrangements either as joint operations, which are consolidated on a proportionate basis, or as joint ventures, for which the equity method is applied.

IFRS 12 *Disclosures of interests in other entities* requires extended disclosures for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The adoption of these new and revised standards and interpretations did not have a significant effect on the Group's consolidated financial statements.

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for derivative financial instruments and financial investments classified as available-for-sale, which are stated at fair value, and certain types of inventories stated at net realisable value.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires Group management to make estimates and assumptions that affect the amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The most significant areas where management applied judgment or developed estimates are discussed below.

Useful economic lives of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets represent 61% (2013: 77%) of the Group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation and amortization charge.

Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. Re-assessment of the remaining useful lives of items of property, plant and equipment and intangible assets is perfroned at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8*Accounting Policies, Changes in Accounting Estimates and Errors*.

Mineral reserves

The Group assesses its mineral reserves on the basis of approved feasibility and technical reports. Mineral reserves are used in the determination of the fair value of exploration and evaluation assets and mineral rights acquired in business combinations, and in the calculation of future cash flows for assets impairment testing.

Assets impairment

IFRS requires management to perform impairment tests annually for indefinite lived assets and, for finite lived assets, if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The Group considers both external and internal sources of information in assessing whether there are any indications that its tangible and intangible assets are impaired. External sources of information considered by the Group include changes in the market economic and legal environment in which the Group operates, that are not within its control. Internal sources of information considered by the Group include the manner in which mining properties, plant and equipment are being used or expected to be used and actual and forecasted expectations of economic performance of such assets.

Impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires assumptions to be made in respect of highly uncertain matters, including management’s expectations of:

- future gold prices;
- timing and amount of future cost of production;
- appropriate discount rates to reflect risks involved;
- recoverable reserves and resources;
- timing and amount of future capital expenditure.

In making the assessment for impairment, assets that do not generate independent cash inflows are allocated to an appropriate cash-generating unit. Management applies judgement in allocating assets that do not generate independent cash inflows to cash-generating units, and also in estimating the timing and value of underlying cash flows within the value-in-use calculation. Changes to the cash-generating unit allocations or to the timing of cash flows could impact the carrying value of the respective assets.

Management’s judgment is involved in the determination of whether the expenditures which are capitalised as exploration and evaluation assets may be recouped by future exploitation or sale or should be impaired. Management assesses the possibility of finding recoverable ore reserves related to a particular area of interest, however, these estimates are subject to significant uncertainties. Many of the factors, assumptions and variables involved in estimating resources are beyond the Group’s control and may prove to be incorrect over time. Subsequent changes in gold resources estimates could impact the carrying value of exploration and evaluation assets.

As at 31 December 2014, management performed a review of tangible and intangible assets for impairment. As a result, an impairment loss in respect of exploration and evaluation assets of US$ 21.8 million was recognized (see Note 16).

Renewal of licenses

The Group’s geological research licenses with a carrying value of US$ 16 million, primarily in Burkina Faso fienlds, were partially expired or near expiry term as at 31 December 2014. Management was in the process of applying for renewal of these licenses and, based on the historical experience of renewal of the licenses in Burkina Faso, assessed the probability of the renewal as high.

The consolidated financial statements of the Group have been prepared based on management's expectation that all geological licenses will be renewed. If management is unsuccessful in renewal the licenses, it may lead to an additional imparment charge.

Environmental provision

The Group reviews its environmental provision at each reporting date. The amount recognised as a provision is the best estimate of the expenditures required to settle the present obligation at the reporting date based on the requirements of the current legislation of the country where the respective operating assets are located. Considerable judgment is required in forecasting future site restoration costs. Future events that may affect the amount required to settle an obligation are reflected in the amount of provision when there is sufficient objective evidence that they will occur.

Valuation of inventories

Gold-in-process and ore stockpiles are carried at the lower of cost or net realisable value. Estimates of net realisable value of gold inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the reporting date to the extent that such events confirm conditions existing at the end of the period. The Group also creates an allowance for obsolete and slow-moving materials and spare parts.

Recoverability of input value-added-tax

The Group is due a refund of value-added tax ("VAT") aged of 1-5 years from Guinea authorities. In management's judgement, the amount of tax will be recovered over the next five years. A portion of tax which is expected to be received after 31 December 2015 was classified as non-current asset in the consolidated financial statements.

There is an uncertainty in respect of the recoverability of value-aded tax in Guinea and timing of payments, which is beyond the Group's control. If management's judgement proved to be incorrect, it may negatively affect future financial results of the Group.

Litigations

The Group exercises judgment in measuring and recognising provisions and disclosing contingent liabilities related to pending litigations or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or liability will arise, and in quantifying the possible range of the final settlement. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as new information becomes available, primarily with the support of internal specialists or with the support of outside consultants. Revisions to estimates may significantly affect future operating results.

Deferred income taxes

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The estimation of that probability includes operational forecasts and tax planning strategies. If actual results differ from estimates, deferred tax assets may not be recovered in full.

The operations of the Group performed in Kazakhstan are subject to corporate income tax, consisting of a fixed component and a variable component – excess profit tax. Deferred tax assets and liabilities are measured at each reporting date using average income tax rates expected for the future periods when the asset (liability) is realised (settled), based on planned performance and forecasted gold prices.

New accounting pronouncements

A number of new IFRS standards and amendments to standards were not yet effective in the European Union for the year ended 31 December 2014, and have not been applied in these consolidated financial statements.

Standards and amendments	**Effective for annual periods beginning on or after**
Amendments to IAS 19 - *Defined Benefit Plans: Employee contributions*	1 July 2014
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
IFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to IAS 16 and IAS 38 - *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to IAS 27 - *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to IAS 16 and IAS 41 - *Agriculture: Bearer Plants*	1 January 2016
Amendments to IFRS 11 - *Accounting for Acquisition of Interests in Joint Operations*	1 January 2016
Amendments to IFRS 10 and IAS 28 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
IFRS 15 *Revenue from Contracts with Customers*	1 January 2017
IFRS 9 *Financial Instruments*	1 January 2018

Management is currently considering the potential impact of the adoption of these standards and amendments. It is not practicable to provide a reasonable estimate of their effect until a detailed review has been completed.

3. Summary of significant accounting policies

The following significant accounting policies have been consistently applied to all periods presented in these consolidated financial statements, except for change in accounting policy for stripping costs as disclosed below.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing these consolidated financial statements; unrealised losses are also eliminated unless the transaction provides an evidence of impairment of the asset transferred.

Acquisition of additional interest in subsidiaries

No goodwill is recognised where the Group acquires additional interests in subsidiaries. The difference between the share of net assets acquired and the cost of investment is recognised directly in equity.

Interests in joint ventures

A joint venture is a contractual agreement whereby the Group and other parties undertake an economic activity when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in its financial statements and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on the accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the equity method of accounting whereby an interest in jointly controlled entities is initially recorded at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the joint venture. The consolidated statement of profit or loss reflects the Group's share of the results of operations of the joint venture.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the joint venture; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill in respect of subsidiaries is disclosed as an intangible asset.

Where goodwill forms part of a cash generating unit and part of the operations within that unit is disposed of, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Foreign currencies

The consolidated financial statements are presented in the US dollars, which is determined by management to be the most convenient currency for the users of the financial statements. Each entity of the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of all entities are expressed in US dollars using exchange rates prevailing at the reporting period date. Income and expense items and cash flows are translated at the average exchange rates for the period and exchange differences arising are recognised directly in equity

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses or at fair value when acquired as part of a business combination. Cost includes expenditure that is directly attributable to the acquisition of the asset and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. In the case of assets constructed by the Group, related works and direct project overheads are included in cost. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to
the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. Repair and maintenance expenses are charged to the statement of profit or loss as incurred. Gains or losses on disposals of property, plant and equipment are recognised in the statement of profit or loss.

Mine development costs (pit opening, construction of capital mine workings and stripping activity asset) are accounted for within buildings and constructions.

Depreciation is provided so as to write off property, plant and equipment over its expected useful life. Depreciation is calculated using the straight-line method. The estimated useful lives of assets are reviewed regularly and revised when necessary.

The principal periods over which assets are depreciated are as follows:

Buildings and constructions	5-50 years
Plant and equipment	5-20 years
Other assets	1-20 years

Intangible assets (excluding goodwill)

Recognition and amortisation

Intangible assets acquired by the Group are measured on initial recognition at cost or at fair value when acquired as part of a business combination. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the estimated useful lives using the straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Mineral rights

Mineral rights are recorded as intangible assets when acquired as part of a business combination or when reclassified from exploration and evaluation assets.

Mineral rights are amortised on a straight-line basis over their useful life. The useful life is assessed on the basis of terms set up by the mineral licence (contract) and estimated mineral reserves and resources subject to such licence (contract).

Based on current mineral licences (contracts) terms and available estimations of mineral reserves and resources useful lives of the Group's mineral rights vary from 2 to 12 years.

Exploration and evaluation assets

Recognition and measurement

Exploration and evaluation assets are generated during exploration and evaluation works aimed to search for new mineral deposits at new or existing licence areas.

An exploration and evaluation asset is no longer treated as such when the technical feasibility and commercial viability of extracting a new mineral deposit are demonstrable and the Group may extract these resources according to the local governmental procedures. The carrying amount of such exploration and evaluation asset is reclassified into mineral rights. An exploration and evaluation asset is assessed for impairment and if any, an impairment loss is recognised before reclassification.

The Group measures exploration and evaluation assets on initial recognition at cost or at fair value when acquired as part of a business combination. Following initial recognition, they are carried at cost less accumulated impairment losses.

The cost of exploration and evaluation assets include:

- obtaining the rights to explore and evaluate mineral reserves and resources including costs directly related to this acquisition;
- researching and analysing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and/or
- compiling prefeasibility and feasibility studies.

Administration and other overhead costs are charged to the cost of exploration and evaluation assets only if directly related to an exploration and evaluation project.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The following facts and circumstances, among other, indicate that exploration and evaluation assets must be tested for impairment:

- the exploration licence in the specific area has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of gold resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of gold resources in the specific area have not led to the discovery of commercially viable quantities of gold resources and the decision was made to discontinue such activities in the specific area;
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the purpose of assessing exploration and evaluation assets for impairment, such assets are allocated to cash-generating units, being exploration licence areas.

Impairment of assets

The carrying amount of goodwill is tested for impairment annually. In respect of other tangible and intangible assets at each reporting date the Group assesses whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount

Calculation of recoverable amount

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and its recoverable amount that is the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For other assets the recoverable amount is the greater of the fair value less cost to sale and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss in respect of a held-to-maturity investment, loan or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition.

Inventories include materials and consumables, work-in-progress and finished goods.

Materials and consumables are valued at cost less allowances for slow-moving and obsolete items.

Work-in-progress consists of ore stockpiles and gold-in-process (including dore alloy). Ore stockpiles represent mined ore before processing and are measured by the number of tonnes mined. Gold in ore involved in processing (crushing, milling, leaching and other operations for recovery of gold in the form of Dore alloy) is accounted for as gold-in-process. Gold-in-process is measured on the basis of tonnes and grade of ore removed from stockpiles into the processing and estimated metallurgical recovery percentage based on the expected processing method.

Work-in-progress is valued at production costs incurred at the relevant stage of the production process. Production costs mainly include materials and consumables, labour costs, mining and other services, refining costs, amortisation and depreciation of operating assets.

Production costs incurred during mining development works are charged to the cost of ore as follows:

- for underground mining – in proportion to the quantity of the extracted ore;
- for open-pit mining – on the basis of an average stripping ratio.

The average stripping ratio is calculated as a number of cubic metres of waste material removed per ton of ore mined. It is revised annually on the basis of the technical and production parameters of the open pit. Changes in the average stripping ratio are accounted for prospectively as change in accounting estimates.

Refined gold represents the Group's finished goods, and is valued on the basis of total production cost.

Financial instruments

Non-derivative financial instruments

Financial assets

Financial assets include cash and cash equivalents, investments, and loans and receivables.

Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial assets are classified into the following specified categories: 'loans and receivables' and 'available-for-sale' ("AFS") financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the carrying value of a financial asset held at amortised cost and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables are reviewed and subsequently assessed for impairment on an individual basis. Objective evidence of impairment for an individual account receivable could include: significant financial difficulty of the issuer or counterparty; or breach of contract, such as default or delinquency in payments; or it becoming probable that the counterparty will enter bankruptcy or financial re-organisation.

AFS financial assets

AFS financial assets are those non-derivative financial assets that are not classified as held-to-maturity or loans and receivables and are stated at fair value. Listed shares that are traded in an active market are stated at their market value. Investments in unlisted shares that do not have a quoted market price in an active market are measured at management's estimate of fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income with the exception of impairment losses, which are recognised directly in the statement of profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the statement of profit or loss for the period.

If after the initial recognition of an AFS financial asset objective evidence indicating a loss event occurs and that loss event has a negative effect on the estimated future cash flows of that asset, the AFS financial asset is impaired.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant (in excess of 20 percent) or prolonged (for the period more than nine months) decline in the fair value below cost is objective evidence of impairment.

Impairment losses are recognised in the statement of profit or loss, computed as the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

Dividends on AFS equity instruments are recognised in the statement of profit or loss when the Group's right to receive the dividends is established.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised in the statement of profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

When a hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged transaction is ultimately recognised in the statement of profit or loss. When a hedged transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax and is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax expense is calculated by each entity on a pre-tax profit determined in accordance with the tax law of the country, in which the entity is incorporated, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which these assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised in respect of the following:

- Investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future;
- If it arises from the initial recognition of an asset or liability that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss;
- Initial recognition of goodwill.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Environmental provision

The Group has environmental obligations related to restoration of soil and other related works, which are due upon the closures of certain of its production sites.

Provision for each production site is estimated case-by-case based on available information, taking into account applicable local legal requirements. The estimation is made using existing technology, at current prices, and discounted using a real discount rate.

Future costs, discounted to net present value, are recognised in the period, in which the environmental disturbance occurs.

Costs are capitalised if environmental disturbance occurred during the construction of property, plant and equipment or charged to production costs for the period if the environmental disturbance occurred as part of the operating production process.

The unwinding of the environmental provisions is included in the consolidated statement of profit or loss as interest expense.

Share capital

Share capital comprises ordinary shares. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of tax effects.

Revenue

Revenue from the sale of gold is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Other expenses

Lease payments

Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Social expenditure

To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognised in the statement of profit or loss as incurred.

Finance income and costs

Finance income comprises interest income on funds invested, dividend income, and net foreign currency gains. Interest income is recognised as it accrues in the statement of profit or loss, using the effective interest method. Dividend income is recognised in the statement of profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, net foreign currency losses and impairment losses recognised on financial assets. All borrowing costs are recognised in the statement of profit or loss using the effective interest method except borrowing costs capitalised as part of qualifying assets.

Foreign currency gains and losses are reported on a net basis.

Earnings per share

The Group's basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment may engage in business activities for which it has yet to earn revenues, for example, entities on the exploration and evaluation stage.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker ("CODM"), the Group's Chief Executive Officer ("CEO"). The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

Change in accounting policy and reclassifications

Accounting for stripping costs

Effective from 1 January 2014, the Group has voluntary changed its accounting policy with respect to the accounting for production stripping costs. When allocating the current production stripping costs to the cost of ore mined, it now applies the actual stripping ratio instead of the average stripping ratio Under the new method, all current production stripping costs incurred in the period are charged directly to the cost of ore; accordingly, no deferred stripping cost is recognised within work-in-progress. Management believes that the new policy provides more accurate and relevant information for the users of financial statements. Comparative information for the year ended 31 December 2013 has been retrospectively restated to ensure comparability between periods.

Presentation of mining tax

In prior periods mining tax was presented within Taxes other than income tax. In 2014, management concluded that presentation of mining tax within cost of sales is more reliable and relevant. This reclassificantion did not affect the amount of profit or loss from operations, but increased the amount of gross profit. Comparative information for the year ended 31 December 2013 has been presented consistently with the above change.

The impact of changes in accounting policy from stripping costs and classification of mining tax on the consolidated financial statements for the year ended 31 December 2013 is shown in the table below:

	As previously reported	Adjustments	Reclassi-fication	As restated
Statement of profit or loss for the year ended 31 December 2013				
Cost of sales	(939,953)	(36,953)	(75 237)	(1,052,143)
Gross profit	**331 300**	**(36,953)**	**(75 237)**	**219,110**
Taxes other than income tax	(75 237)	-	75,237	-
(Loss)/profit from operations	**(181 284)**	**(36,953)**	-	**(218 237)**
Income tax benefit	62,461	7,888	-	70,349
Loss for the year	**(169,962)**	**(29,065)**	-	**(199,027)**
Attributable to:				
Shareholders of the Company	(189,285)	(28,802)	-	(218,087)
Non-controlling interest	19,323	(263)	-	19,060
Basic and diluted loss per share (US dollars)	(0.50)	(0.08)	-	(0.58)
Statement of profit or loss and other comprehensive income for the year ended 31 December 2013				
Loss for the year	(169,962)	(29,065)	-	(199,027)
Total comprehensive loss for the year	(302,691)	(29,065)	-	(331,756)
Attributable to:				
Shareholders of the Company	(319,406)	(28,802)	-	(348,208)
Non-controlling interest	16,715	(263)	-	16,452

Statement of financial position as at 31 December 2013				
Inventories	489,369	(53,592)	-	435,777
Other non-current assets	32,968	(1,466)	-	31,502
Deferred tax liabilities	71,191	(11,508)	-	59,683
Accumulated losses	(869,489)	(42,950)	-	(912,439)
Non-controlling interests	79,074	(600)	-	78,474
Statement of cash flows for the year ended 31 December 2013				
Loss for the year	(169,962)	(29,065)	-	(199,027)
Income tax benefit	(62,461)	(7,888)	-	(70,349)
Change in inventory	(33,126)	29,547	-	(3,579)
Depreciation and amortisation	219,497	7,405	-	226,902

4. Segment reporting

The Group has nine reportable segments, as described below, representing the Group's strategic business units. Each strategic business unit is managed separately with relevant results regularly reviewed by the Group's CEO. The following summary describes the operations of each reportable segment:

- *Neryungri and Aprelkovo.* The segment includes gold mining activities in the Republic of Yakutia and the Chitinskaya region of the Russian Federation, including open-pit operating mines with the heap-leaching technology for gold processing Tabornoye and Pogromnoye and Gross gold exploration project.
- *Suzdal and Balazhal.* Includes the Suzdal underground gold mine located in Kazakhstan with the flotation, bio-oxidation and carbon-in-leach ("CIL") technology for gold processing and the Balazhal gold deposit in Kazakhstan.
- Includes two underground gold mines located in the Republic of Buryatia of the Russian Federation: Zun-Holba with the gravity, flotation and carbon-in-pulp ("CIP") technology for gold processing and Irokinda with gravity and flotation technology for gold processing.
- An open-pit gold mine located in the Amur region of the Russian Federation with the CIP technology for gold processing.
- An open-pit gold mine located in Burkina Faso, West Africa with the CIL technology for gold processing.
- Includes the Lefa open-pit gold mine located in Guinea, West Africa with the CIP technology for gold processing.
- An open-pit gold mine located in Burkina Faso, West Africa with the CIL technology for gold processing.
- *Burkina Faso Greenfields.* Includes a number of gold deposits at exploration and evaluation stage located in Burkina Faso, West Africa.
- *Russian Greenfields.* Includes a number of gold deposits at exploration and evaluation stage located in the Russian Federation.

Operations of the holding company and subsidiaries involved in non-core activities are disclosed as "Other companies", none of which meet the criteria for separate reporting.

The Group's CEO uses normalised EBITDA in assessing each segment's performance and allocating resources. Normalised EBITDA represents profit/(loss) for the year adjusted to exclude income tax (expense)/benefit, finance income, finance costs, depreciation and amortisation, impairment of non-current assets, net loss on disposal of property, plant and equipment, impairment of work-in progress, stripping cost write-off due to change in assumptions, and other (expenses)/income, net.

Business segment assets and liabilities are not reviewed by the CODM and therefore are not disclosed in these consolidated financial statements.

Segment financial performance

The following is an analysis of the Group's sales and normalised EBITDA by segment:

	Year ended 31 December	
	2014	2013
Sales		
Neryungri and Aprelkovo	123,632	133,094
Suzdal and Balazhal	96,067	110,088
Buryatzoloto	140,008	135,998
Berezitovy	149,641	164,742
Taparko	141,505	151,855
Lefa	247,044	225,684
Bissa	318,177	349,792
Burkina Faso Greenfields	-	-
Russian Greenfields	-	-
Total	**1,216,074**	**1,271,253**

	Year ended 31 December	
	2014	2013
Normalised EBITDA by segment		
Neryungri and Aprelkovo	38,111	22,048
Suzdal and Balazhal	35,802	46,636
Buryatzoloto	48,704	26,251
Berezitovy	76,708	64,630
Taparko	59,060	55,096
Lefa	62,640	(13,061)
Bissa	195,913	227,025
Burkina Faso Greenfields	(165)	-
Russian Greenfields	(152)	(238)
Total normailsed EBITDA for reportable segments	**516,621**	**428 387**
Normalised EBITDA for other companies	(29,577)	(34,436)
Total	**487,044**	**393,951**

	Year ended 31 December	
	2014	2013
Segment capital expenditures		
Neryungri and Aprelkovo	5,826	53,883
Suzdal and Balazhal	7,533	14,180
Buryatzoloto	20,345	34,487

Berezitovy	13,225	7,980
Taparko	20,669	37,438
Lefa	46,114	26,422
Bissa	19,542	31,465
Burkina Faso Greenfields	6,248	13,772
Russian Greenfields	898	18,133
Total capital expenditures for reportable segments	**140,400**	**237,760**
Other companies and adjustments	17,438	6,241
Total	**157,838**	**244,001**

The reconciliation of profit/(loss) before income tax to normalised EBITDA:

	Year ended 31 December	
	2014	**2013**
Profit/(loss) before income tax	**182,911**	**(269,376)**
Finance income	(8,139)	(18,275)
Finance costs	109,118	69,414
Depreciation and amortisation	201,780	226,902
Impairment of tangible and intangible assets	24,136	363,521
Net loss on disposal of property, plant and equipment	794	2,166
Work-in-progress impairment/ (utilisation of impairment) recognised in cost of sales	(19,742)	22,813
Other income, net	(3,814)	(3,214)
Normalised EBITDA	**487,044**	**393,951**

Geographical information

The following is a summary of property, plant and equipment and intangible assets:

	31 December	
	2014	**2013**
Russian Federation	369,667	612,360
Burkina Faso	469,109	557,184
Guinea	466,547	453,412
Kazakhstan	74,793	99,352
Other	61	48
Total	**1,380,177**	**1,722,356**

The following is a summary of the Group’s sales by location of operations:

	Year ended 31 December	
	2014	**2013**
Burkina Faso	459,682	501,647
Russia	413,274	433,834
Guinea	247,044	225,684
Kazakhstan	96,074	110,088

Total	**1,216 074**	**1,271,253**

5. Sales

	Year ended 31 December	
	2014	**2013**
By product		
Gold	1,208,133	1,264,217
Silver	7,941	7,036
Total	**1,216,074**	**1,271,253**

	Year ended 31 December	
	2014	**2013**
By customer		
Switzerland: Metalor Technologies S.A.	459,682	611,736
Switzerland: MKS Finance S.A.	247,044	225,684
Russia: NOMOS bank	180,934	179,521
Russia: VTB	236,052	164,742
Russia: Sberbank	82,706	89,570
Kazakhstan: Tau-Ken Altyn	9,656	-
Total	**1,216,074**	**1,271,253**

6. General and administrative expenses

	Year ended 31 December	
	2014	**2013**
Wages and salaries	31,278	34,399
Professional and other services	17,613	21,639
Social security costs	3,888	4,291
Materials and consumables	1,094	1,413
Other	6,013	5,199
Total	**59,886**	**66,941**

7. Staff costs

	Year ended 31 December	
	2014	**2013**
Wages and salaries	192,520	212,445
Social security costs	36 875	36,356
	229,395	**248,801**
Less capitalised amounts:		
Wages and salaries	(11,309)	(10,261)
Social security costs	(2,203)	(1,544)
Total	**215,883**	**236,996**

For the year ended 31 December 2014 key management's remuneration amounted to US$ 6.7million (2013: US$ 9.4 million) representing short-term employee benefits.

8. Finance income and costs

	Year ended 31 December	
	2014	**2013**
Interest income	8,139	2,567
Foreign exchange gain, net	-	15,708
Finance income	**8,139**	**18,275**
Interest expense	(53,050)	(56,332)
Foreign exchange loss, net	(33,763)	-
Other	(22,305)	(13,082)
Finance costs	**(109,118)**	**(69,414)**

In 2014, other finance costs included US$ 7.1 million of loss related to the discontinuance of hedge accounting (Note 13), US$ 6.5 million of long-term input VAT discounting and US$ 5.1 million of royalties related to Bissa operations.

In 2013, other finance costs included US$ 6.7 million of royalties related to Bissa operations.

9. Income tax

	Year ended 31 December	
	2014	**2013**
Current tax charge	(66,183)	(53,197)
Adjustment in respect of prior years	654	(3,912)
Deferred tax benefit	5,585	127,458
Income tax (expense)/benefit	**(59,944)**	**70,349**

The Group's production operations are taxable at 20% in the Russian Federation and Kazakhstan, 17.5% in Burkina Faso and 30% in Guinea.

The amount of income tax recorded in profit or loss statement differs from the theoretical amount that would arise by applying the weighted average tax rate to profit before tax and is reconciled as follows:

	Year ended 31 December			
	2014		2013	
Profit/(loss) before income tax (expense)/benefit	**182,911**		**(269,376)**	
Theoretical tax at rates applicable to the profits in the respective countries	(39,808)	22%	72,437	27%
Prior period adjustments	654	0%	(3,912)	(1%)
Permanent differences	(3,592)	2%	(6,502)	(2%)
Effect of intragroup dividend received	7,162	(4%)	22,814	8%
Changes in unrecognised deferred tax assets	(24,360)	13%	(18,241)	(7%)
Changes in tax rate	-	-	3,753	1%
Income tax (expense)/benefit	**(59,944)**	**33%**	**70,349**	**26%**

Certain deferred tax assets and liabilities were offset in accordance with the Group's accounting policies.

The movement in the net deferred tax liabilities was as follows:

2014	Opening balance	Recognised in profit or loss	Recognised in other compre-hensive income	Reclas-sifications	Foreign exchange difference	Closing balance
Deferred tax assets/(liabilities) related to:						
Property, plant and equipment	22,065	(13,207)	-	(1,110)	2,838	**10,586**
Intangible assets	(117,604)	6,923	-	1,597	16,664	**(92,420)**
Inventories	(9,432)	(4,845)	-	18	7,877	**(6,382)**
Financial investments	7,845	137	(1,990)	585	(686)	**5,891**
Accounts payable	5,584	1,308	-	-	(353)	**6,539**
Provisions	12,051	(1,914)	-	9	(5,790	**4,356**
Other	1,728	2,295	-	(1,099)	(701)	**2,223**
Tax losses carried forward	44,546	14,888	-	-	(7,582	**51,852**
Total	**(33,217)**	**5,585**	**(1,990)**	**-**	**12,267**	**(17,355)**

2013	Opening balance	Recognised in profit or loss	Recognised in other compre-hensive income	Reclas-sifications	Foreign exchange difference	Closing balance
Deferred tax assets/(liabilities) related to:						
Property, plant and equipment	23,292	(1,672)	-	-	445	**22,065**
Intangible assets	(200,796)	83,188	-	-	4	**(117,604)**
Inventories	(17,193)	6,067	-	-	1,694	**(9,432)**
Financial investments	234	-	8,144	-	(533)	**7,845**

Accounts payable	5,584	-	-	-	-	**5,584**
Provisions	12,325	526	-	-	(800)	**12,051**
Other	(1,713)	73	-	2,820	548	**1,728**
Tax losses carried forward	5,691	39,276	-	-	(421)	**44,546**
Total	**(172,576)**	**127,458**	**8,144**	**2,820**	**937**	**(33,217)**

Taxable differences related to investments in subsidiaries where the Group is able to control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future, amounted to US$ 1,193 million at 31 December 2014 (31 December 2013: US$ 1,388 million) and have not been recognised in the financial statements.

The Group has not recognised deferred tax assets on tax losses carried forward related to certain Group entities where it is not probable that deferred tax assets can be utilised.

The cumulative amounts of unrecognised tax losses with related expiry dates were the following (stated in millions of US dollars):

	31 December	
	2014	**2013**
Within one year	-	-
Between one and five years	52.6	6.3
Between five and ten years	129.1	136.7
Between ten and twenty years	18.6	13.5
No expiry date	94.1	41.3
Total	**294.4**	**197.8**

10. Related party transactions and balances

Purchases from entities under common control were the following:

	Year ended 31 December	
	2014	**2013**
Capital expenditures	15,339	3,952
Operating expenses	3,867	10,631

As at 31 December 2014, amounts payable by entities under common control were US$ 4.1 million (31 December 2013: US$ 5.3 million); all these balances were to be settled in cash.

11. Cash and cash equivalents

	31 December	
	2014	**2013**
Cash at bank	40,099	186,756
Short-term bank deposits	87,503	57,116
Petty cash	90	170
Total	**127 692**	**244,042**
Short-term deposits	190,175	-

Restricted cash in Non-current assets	8,170	6,496

Restricted cash comprise cash reserved in banks in accordance with the local legislation requirements in respect of Taparko, Bissa, Lefa and Alel site restoration.

The Group's exposure to risks associated with cash and cash equivalents is disclosed in Note 25.

12. Accounts receivable

	31 December	
	2014	**2013**
Advances paid and prepayments	26,116	47,115
Trade accounts receivable	953	643
Other receivables	8,936	10,386
Allowance for doubtful debts		
Advances paid and prepayments	(597)	(4,457)
Trade accounts receivable	(520)	(619)
Other receivables	(785)	(1,281)
Total accounts receivable	**34,103**	**51,787**

The Group's exposure to risks arising from accounts receivable and policies on creating allowance for doubtful debts are discussed in Note 25.

13. Inventories

	31 December	
	2014	**2013**
Materials and consumables	181,273	289,318
Work-in-progress	127,706	145,824
Finished goods	17,879	635
Total	**326,858**	**435,777**

Inventories included in cost of sales during 2014 amounted to US$ 311.5 million (2013: US$ 402.2 million).

As at 31 December 2014, obsolescence and net realisable value provision amounted to US$ 24.2 million (31 December 2013: US$ 58.8 million).

14. Long-term financial investments

As at 31 December 2014, the Group's long-term financial investments included the following:

- available-for sale investments presented by 2.0% equity interest in Detour Gold Corporation of US$ 25.3 million (31 December 2013: 2.6% of US$ 11.9 million) held by High River Gold Mines Ltd, subsidiary of the Group;
- US$ 16.2 million of advances paid to Columbus Gold Corporation for a bankable feasibility study, in accordance with the requirements of an option agreement to acquire a 50.01% stake in Montagne d'Or, a gold mining project in French Guiana. The Group may earn the option by completing a bankable feasibility study and by investing not less than US$ 30 million during three years in staged work expenditures;

- other individually immaterial investments of US$ 5.5 million (31 December 2013: US$ 4.6 million) represented by a number of holdings in gold exploration and mining companies.

15. Property, plant and equipment

	Land, buildings and constructions	Plant and equipment	Other assets	Construc- tion in progress	Total
Cost					
Balance at 1 January 2013	**310,277**	**557,416**	**15,546**	**336,672**	**1,219,911**
Reclassifications (to)/from intangible assets and inventories	-	(3,003)	(10,933)	552	(13,384)
Additions	2,529	6,692	81	149,332	158,634
Change in environmental provision	(5,940)	-	-	(1,584)	(7,524)
Transfers	280,702	58,265	9,200	(348,167)	-
Disposals	(2,270)	(11,520)	(428)	(321)	(14,539)
Foreign exchange differences	(6,321)	(7,089)	(120)	(1,402)	(14,932)
Balance at 31 December 2013	**578,977**	**600,761**	**13,346**	**135,082**	**1,328,166**
Reclassifications from intangible assets and inventories	-	-	1,743	33,805	35,548
Additions	-	9	12	137,441	137,462
Change in environmental provision	7,060	-	-	-	7,060
Transfers	48,077	93,342	5,819	(147,238)	-
Disposals	(477)	(12,024)	(68)	-	(12,569)
Foreign exchange differences	(118,436)	(112,810)	(5,725)	(32,382)	(269,353)
Balance at 31 December 2014	**515,201**	**569,278**	**15 127**	**126 708**	**1,226,314**
Depreciation and impairment					
Balance at 1 January 2013	**(139,798)**	**(198,624)**	**(10,412)**	**(9,750)**	**(358,584)**
Reclassifications to/(from) intangible assets and inventories	60	(879)	1,606	819	1,606
Depreciation for the year	(70,418)	(85,797)	(3,601)	-	(159,816)
Disposals	918	10,879	418	-	12,215
Impairment	(7,654)	(10,467)	(169)	(633)	(18,923)
Foreign exchange differences	4,066	7,525	70	31	11,692
Balance at 31 December 2013	**(212,826)**	**(277,363)**	**(12,088)**	**(9,533)**	**(511,810)**
Reclassifications from intangible assets	-	-	(1,556)	-	(1,556)
Depreciation for the year	(82,314)	(95,224)	(3,435)	-	(180,973)
Transfers	8,976	(9,551)	575	-	-
Disposals	477	10,129	-	-	10,606
Impairment	-	-	-	(2,296)	(2,296)
Foreign exchange differences	63,278	66,960	1,761	323	132,322
Balance at 31 December 2014	**(222,409)**	**(305 049)**	**(14,743)**	**(11,506)**	**(553,707)**

Net book value					
Balance at 1 January 2013	**170,479**	**358,792**	**5,134**	**326,922**	**861,327**
Balance at 31 December 2013	**366,151**	**323,398**	**1,258**	**125,549**	**816,356**
Balance at 31 December 2014	**292,792**	**264,229**	**384**	**115,202**	**672,607**

16. Intangible assets

	Goodwill	Mineral rights	Exploration and evaluation assets	Other intangible assets	Total
Cost					
Balance at 1 January 2013	**34,603**	**1,023,770**	**555,545**	**3,457**	**1,617,375**
Reclassifications from property, plant and equipment	-	-	-	2,040	2,040
Additions	-	-	81,362	4,005	85,367
Transfers	-	17,260	(17,260)	-	-
Foreign exchange differences	(696)	(5,239)	(25,760)	(109)	(31,804)
Balance at 31 December 2013	**33,907**	**1,035,791**	**593,887**	**9,393**	**1,672,978**
Reclassifications to property, plant and equipment	-		(1,853)	(1,556)	(3,409)
Additions	-	-	29,982	15,137	45,119
Transfers	-	88,873	(88,873)	-	-
Disposals	-	-	(12,831)	(287)	(13,118)
Foreign exchange differences	(697)	(79,765)	(164,778)	(5,814)	(251,054)
Balance at 31 December 2014	**33,210**	**1,044,899**	**355,534**	**16,873**	**1,450,516**
Amortisation and impairment					
Balance at 1 January 2013	**(34,603)**	**(350,150)**	**(15,356)**	**(2,198)**	**(402,307)**
Reclassifications to property, plant and equipment	-	-	-	(1,606)	(1,606)
Amortisation for the year	-	(59,062)	-	(546)	(59,608)
Impairment	-	(265,053)	(44,035)	(104)	(309,192)
Foreign exchange differences	696	4,112	876	51	5,735
Balance at 31 December 2013	**(33,907)**	**(670,153)**	**(58,515)**	**(4,403)**	**(766,978)**
Reclassifications to property, plant and equipment	-	-	-	1,556	1,556
Amortisation for the year	-	(46,842)	-	(1,381)	(48,223)
Impairment	-	-	(21,840)	-	(21,840)
Disposals	-	-	12,831	250	13,081
Foreign exchange differences	697	59,653	18,783	325	79,458
Balance at 31 December 2014	**(33,210)**	**(657,342)**	**(48,741)**	**(3,653)**	**(742,946)**
Net book value					
Balance at 1 January 2013	**-**	**673,620**	**540,189**	**1,259**	**1,215,068**
Balance at 31 December 2013	**-**	**365,638**	**535,372**	**4,990**	**906,000**
Balance at 31 December 2014	**-**	**387,557**	**306,793**	**13,220**	**707,570**

The movements in mineral rights by segments were as follows:

	Mineral rights							
	Neryungri and Aprelkovo	Buryatzoloto	Berezitovy	Suzdal and Balazhal	Taparko	Bissa	Lefa	Total
Cost								
Balance at 1 January 2013	62,064	30,696	7,048	146,051	85,655	31,110	661,146	1,023,770
Transfers	-	-	-	-	-	-	17,260	17,260
Foreign exchange differences	(4,471)	(2,210)	(507)	(2,727)	3,542	1,134	-	(5,239)
Balance at 31 December 2013	**57,593**	**28,486**	**6,541**	**143,324**	**89,197**	**32,244**	**678,406**	**1,035,791**
Additions	-	-	-	-	-	-	-	-
Transfers	-	25,808	5,604	2,990	11,726	21,167	21,578	88,873
Foreign exchange differences	(24,087)	(13,900)	(4,787)	(22,597)	(10,332)	(4,062)	-	(79,765)
Balance at 31 December 2014	**33,506**	**40,394**	**7,358**	**123,717**	**90,591**	**49,349**	**699,984**	**1,044,899**
Amortisation								
Balance at 1 January 2013	(28,001)	(10,645)	(3,321)	(81,062)	(37,543)	-	(189,578)	(350,150)
Amortisation for the year	(3,621)	(6,623)	(714)	(5,021)	(9,346)	(3,894)	(29,843)	(59,062)
Impairment	(18,906)	-	-	(47,009)	-	-	(199,138)	(265,053)
Foreign exchange differences	2,493	1,052	262	2,347	(1,903)	(139)	-	4,112
Balance at 31 December 2013	(48,035)	(16,216)	(3,773)	(130,745)	(48,792)	(4,033)	(418,559)	(670,153)
Amortisation for the year	(1,666)	(7,330)	(919)	(1,733)	(9,429)	(3,938)	(21,827)	(46,842)
Foreign exchange differences	20,642	9,182	1,872	20,639	6,499	819	-	59,653
Balance at 31 December 2014	**(29,059)**	**(14,364)**	**(2,820)**	**(111,839)**	**(51,722)**	**(7,152)**	**(440,386)**	**(657,342)**
Net book value								
At 1 January 2013	**34,063**	**20,051**	**3,727**	**64,989**	**48,112**	**31,110**	**471,568**	**673,620**
At 31 December 2013	**9,558**	**12,270**	**2,768**	**12,579**	**40,405**	**28,211**	**259,847**	**365,638**
At 31 December 2014	**4,447**	**26,030**	**4,538**	**11,878**	**38,869**	**42,197**	**259,598**	**387,557**

The movements in exploration and evaluation assets by segments were as follows:

	Exploration and evaluation assets									
	Neryungri and Aprelkovo	Buryatzoloto	Berezitovy	Suzdal and Balazhal	Taparko	Bissa	Lefa	Russian green-fields	Burkina-Faso greenfields	Total
Net book value at 1 January 2013	279,668	26,007	8,910	31,989	12,641	11,841	44,471	52,501	72,161	540,189
Additions	18,772	14,579	2,513	1,680	3,435	2,279	9,443	14,638	14,023	81,362
Transfers to mineral rights	-	-	-	-	-	-	(17,260)	-	-	(17,260)
Impairment	(10,310)	-	-	(30,746)	-	-	(327)	-	(2,652)	(44,035)
Foreign exchange differences	(21,014)	(2,198)	(659)	(464)	660	560	-	(4,019)	2,250	(24,884)
Net book value at 31 December 2013	**267,116**	**38,388**	**10,764**	**2,459**	**16,736**	**14,680**	**36,327**	**63,120**	**85,782**	**535,372**

Additions	2,008	7,004	553	993	1,622	3,811	3,955	863	9,173	29,982
Transfers to mineral rights	-	(25,797)	(5,604)	(3,056)	(11,726)	(13,083)	(21,577)	-	(8,030)	(88,873)
Reclassifications to/(from) property, plant and equipment	-	-	-	-	(2,749)	896	-	-	-	(1,853)
Impairment	(27)	(588)	(4,550)	-	-	-	-	(7,318)	(9,357)	(21,840)
Foreign exchange differences	(91,410)	(16,039)	(850)	(396)	(1,996)	(1,717)	-	(23,834)	(9,753)	(145,995)
Net book value at 31 December 2014	**177,687**	**2,968**	**313**	-	**1,887**	**4,587**	**18,705**	**32,831**	**67,815**	**306,793**

Exploration and evaluation assets of Neryungri and Aprelkovo segment of US$ 151.9 million related to Gross project.

17. Impairment

As at 31 December 2014, management conducted impairment review of intangible assets and property, plant and equipment of all material business units except for Bissa (31 December 2103: all business units). Key assumptions used by the Group management in determining the value in were as follows:

- A long-term gold price of US$ 1,259/oz (2013: US$ 1,345/oz), based on the analysts consensus data;
- Approved mine plans;
- After-tax discount rate ranging from 8.4% to 11.2% (2013: 5% to 14.7%), based on the Group's weighted average cost of capital and risk factors.

Net realisable value of inventories was based on the forecast gold price over the expected sale period.

The review resulted in the following impairment charges recognised in profit or loss:

	Year ended 31 December	
	2014	**2013**
Intangible assets		
African greenfields	9,357	2,653
North Gold Mining Company	7,318	-
Berezitovy	4,550	-
Buryatzoloto	588	-
Aprelkovo	27	29,321
Lefa	-	199,464
Suzdal	-	50,444
Zherek & Balazhal	-	27,310
	21,840	**309,192**
Property, plant and equipment		
Buryatzoloto	2,296	-
Aprelkovo	-	17,593
Suzdal & Balazhal	-	1,386
Berezitovy	-	(56)
	2,296	**18,923**

Long-term work-in-progress		
Aprelkovo	-	23,742
Taparko	-	11,240
Suzdal & Balazhal	-	424
	-	**35,406**
Total impairment of non-current assets recognised in other operating expenses	**24,136**	**363,521**
Work-in-progress		
Lefa	-	19,460
Suzdal & Balazhal	-	2,443
Buryatzoloto	-	484
Berezitovy	-	252
Taparko	-	174
Work-in-progress impairment recognised in cost of sales	**-**	**22,813**

Sensitivity analysis

Management performed an analysis as to whether a reasonably possible adverse change to any of the key assumptions used in impairment models for CGUs would lead to the additional impairment loss.

The following scenarios were considered as reasonably possible and were used for this sensitivity analysis:

Scenarios	**Impact**
Long-term gold price of US$ 1,200 per ounce	No impairment
Long-term gold price of US$ 1,150 per ounce	No impairment
Long-term gold price of US$ 1,100 per ounce	56,127
10% increase in future cost of production	No impairment
1% increase in discount rate applied.	No impairment

All of the scenarios presented above assumed that the relevant assumptions move in isolation.

18. Other non-current assets

	31 December	
	2014	**2013**
Long-term ore stockpiles	25,094	27,047
Long-term VAT receivable	31,077	3,135
Other long-term receivables	131	1,320
Total	**56,302**	**31,502**

As at 31 December 2014, the non-current work-in-progress is shown net of US$ 24.6 write-down to net realisable value (31 December 2013: US$ 39.5 million).

As at 31 December 2014, the long-term VAT receivable mostly relates to operations in Guinea and represented a portion of tax that according to management’s estimate will be reimbursed by local tax authorities after 12 months from the reporting date.

19. Borrowings

Short-term borrowings include the following:

	31 December	
	2014	**2013**
Accrued interest	4,851	5,602
Bank loans	-	301,015
Derivative financial instruments	-	20,749
Unamortised balance of transaction costs	-	(688)
Total	**4,851**	**326,678**

During 2014, the Group re-financed its short-term loans from Sberbank in 2012.

As at 31 December 2013, derivative financial instruments were represented by the cross-currency swaps held by the Group for hedging of currency and interest rate risks attributable to the Sberbank loan facilities. In 2014, the cross-currency swaps were disposed of along with re-financing of the original Sberbank loans.

Long-term borrowings include the following:

	31 December	
	2014	**2013**
Notes and bonds issued	450,000	500,000
Bank loans	500,000	132,591
Derivative financial instruments	-	13,954
Unamortised balance of transaction costs	(10,469)	(5,266)
Total	**939,531**	**641,279**

In May 2013, the Company issued US$ 500 million unsecured notes. The notes are denominated in US Dollars, mature in May 2018, and bear interest of 6.375% per annum payable semi-annually in May and November, commencing November 2013. The notes are unconditionally and irrevocably guaranteed by certain Group's subsidiaries. During 2014 the Company repurchased US$ 50 million of such notes in the open-market for the total consideration of US$ 46.4 million. Resulting gain of US$ 3.6 million was recognised as finance income.

In March 2014, the Company received a US$ 500 million non-revolving loan facility from Sberbank denominated in US dollars, maturing in March 2019. The loan repayment starts in June 2016. The loan bears interest at a variable rate of 3-month LIBOR + 2.95% per annum payable on a quarterly basis. The proceeds were partially used for re-financing of Sberbank loans received in 2012.

As at 31 December 2014, the loan facility from Sberbank was secured by the following shares in the Group's subsidiaries:

- 75% of the Group's ownership in Bissa Gold S.A., securing not more than US$ 10 million of the liability;
- 75% of the Group's ownership in Societe des Mines de Taparko, securing not more than US$ 10 million of the liability;
- 75% of the Group's ownership in LLC Berezitovy Rudnik;
- 75% of the Group's ownership in OJSC Buryatzoloto;
- 100% of the Group's ownership in High River Gold Mines (West Africa) Ltd.; and
- 100% of the Group's ownership in Jilbey Burkina SARL, securing not more than US$ 10 million of the liability.

The carrying value of pledged net assets amounted to US$ 775.2 million.

The fair value of debt instruments approximated their carrying value at 31 December 2014, except for the fair value of notes which had a market value of US$ 380.3 million (31 December 2013: US$ 474.7 million).

20. Accounts payable

	31 December	
	2014	**2013**
Trade accounts payable	91,610	114,159
Amounts payable to employees	24,498	32,826
Other taxes payable	22,164	22,126
Accrued expenses	2,641	3,801
Dividends payable	-	1,112
Advances received	273	553
Other payables	31,101	28,566
Total	**172,287**	**203,143**

21. Provisions

	Legal and tax claims	Environmental provision	Other	Total
Balance at 1 January 2013	**19,987**	**79,282**	**1,795**	**101,064**
Additions	4,200	5,109	-	9,309
Change in assumptions	(1,808)	(13,747)	102	(15 453)
Unwinding of discount and change in discount rate	-	12	-	12
Provisions used	(4,781)	-	-	(4 781)
Foreign exchange differences	160	(3,048)	-	(2 888)
Balance at 31 December 2013	**17,758**	**67,608**	**1,897**	**87,263**
Additions	237	7,384	43	7,664
Change in assumptions	(10,385)	(2,707)	-	(13 092)
Unwinding of discount and change in discount rate	-	2,207	-	2,207
Provisions used	(357)	-	(76)	(433)
Foreign exchange differences	(1 542)	(21,778)	(19)	(23,339)
Balance at 31 December 2014	**5,711**	**52,714**	**1,845**	**60,270**

Environmental provision was classified within non-current liabilities, and provision for legal and tax claims and other provisions were classified as current.

The Group's environmental liabilities relate to the restoration of soil and other related works, which are due upon the closures of mines and production facilities. These costs are expected to be incurred between 2018–2033. The present value of expected cash outflows were estimated using existing technology and discounted using the following real discount rate:

	Year ended 31 December	
	2014	**2013**
Russia	6.06 - 7.46%	2.14 - 3.47%
Kazakhstan	(0.92) - (0.86)%	(0.61) - 0.19%
Burkina Faso	4.15 – 4.19%	(0.5) – 1%
Guinea	1.47%	0.6%

22. Capital and reserves

Share capital

At 31 December 2014 and 2013, the authorised share capital amounted to 4,484,927,250 Euros and consisted of 1,793,970,900 ordinary shares with a nominal value of 2.50 Euro each. The issued and fully paid share capital comprised of 380,998,290 ordinary shares amounting to US$ 1,315,951 thousand at 31 December 2014 (2013: US$ 1,307,121 thousand).

In March 2013, the Company issued 68,996 ordinary shares with par value of 2.5 Euro for the purpose of funding the acquisition of the remaining outstanding shares of High River Gold Mines Ltd.

In December 2014, the Company issued 2,876,335 ordinary shares with par value of 2.5 Euro for the purpose of funding the acquisition of 7.06% interest in Butyatzoloto's from non-controlling shareholders.

The holders of ordinary shares are entitled to receive dividends as declared at General meetings and are entitled to one vote per share at meetings of the Company.

Additional paid-in capital

Additional paid-in capital includes of the excess of consideration received over the par value of shares and GDRs issued by the Company, and the effects of transactions under common control in course of the Group formation.

Revaluation reserve

The revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments and cash-flow hedge instruments, net of the related tax effects.

23. Earnings/(loss) per share

Basic earnings per share in 2014 were based on the profit attributable to shareholders of the Company of US$ 98.3 million (2013: loss of US$ 218.1 million) and a weighted average number of ordinary shares outstanding of 378.2 million (31 December 2013: 378.1 million), calculated as per below (in thousand of shares):

	Issued shares	Weighted average number of shares
1 January 2013	**378,053**	**378,053**
Shares issued in March 2013	69	56
31 December 2013	**378,122**	**378,109**
1 January 2014	**378,122**	**378,122**
Shares issued in December 2014	2,876	95

31 December 2014	**380,998**	**378,217**

24. Subsidiaries

The following is a list of the Group's significant subsidiaries and the effective ownership holdings therein:

Subsidiaries	31 December 2014	31 December 2013	Location	Activity
Neryungri and Aprelkovo segment				
OOO Neryungri-Metallik	100.0%	100.0%	Russia	Gold mining
ZAO Mine Aprelkovo	100.0%	100.0%	Russia	Gold mining
Suzdal and Balazhal segment				
Celtic Resources Holdings Ltd	100.0%	100.0%	Ireland	Holding company
Celtic Resources (Central Asia)	100.0%	100.0%	United Kingdom	Holding company
JSC FIC Alel	100.0%	100.0%	Kazakhstan	Gold mining
Zherek LLP	100.0%	100.0%	Kazakhstan	Gold mining
Opeloak Ltd	100.0%	100.0%	United Kingdom	Gold sales
Semgeo LLP	100.0%	100.0%	Kazakhstan	Gold exploration
Buraytzoloto segment				
OJSC Buryatzoloto (*)	92.0%	84.9%	Russia	Gold mining
Berezitovy segment				
LLC Berezitovy Rudnik	99.9%	99.9%	Russia	Gold mining
Taparko segment				
Societe Des Mines de Taparko (*)	90.0%	90.0%	Burkina Faso	Gold mining
Lefa segment				
Crew Gold Corporation	100.0%	100.0%	Canada	Holding company
Societe Miniere de Dinguiraye	100.0%	100.0%	Guinea	Gold mining
Bissa and Burkina Faso Greenfields segment				
High River Gold Mines (West Africa) Ltd	100.0%	100.0%	Cayman Islands	Holding company
Bissa Gold SA (*)	90.0%	90.0%	Burkina Faso	Gold mining
High River Gold Exploration Burkina SARL (*)	100.0%	100.0%	Burkina Faso	Gold exploration
Jilbey Burkina, SARL (*)	100.0%	100.0%	Burkina Faso	Gold exploration
Russian Greenfields segment				
North Gold Mining Company	100.0%	100.0%	Russia	Gold exploration
Other companies				
Nordgold Management LLC	100.0%	100.0%	Russia	Management services
Centroferve Limited	100.0%	100.0%	Cyprus	Holding company
Castleway Limited	100.0%	100.0%	Cyprus	Holding company
High River Gold Mines Ltd	100.0%	100.0%	Canada	Holding company

(*) Subsidiary of High River Gold Mines Ltd.

Acquisition of non-controlling interests

In December 2014, the Group acquired an additional 7.06% interest in Buryatzoloto in exchange for 2 876,335 newly-issued shares of the Company.

In March 2013, the Group acquired an additional 2.09% interest in High River Gold Mines Ltd. in exchange for 68,996 of the Company's GDRs and Canadian $ 24.2 million (equivalent of US$ 23.6 million) in cash, increasing the Company's ownership interest to 100%.

25. Financial risk management

Overview

The Group's activities expose it to the following risks:

- Credit risk;
- Liquidity risk;
- Market risk;
- Currency risk;
- Interest rate risk.

Presented below is information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's capital management. Quantitative disclosures are included throughout these consolidated financial statements.

The Group has established comprehensive risk management policies to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors monitors compliance with the Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group.

Economic environment

A significant part of the Group's operations are based in the Russian Federation and is consequently exposed to the economic and political effects of the policies adopted by the Russian government. Operations in the Russian Federation involve risks that typically do not exist in other markets. In addition, the contraction in the capital and credit markets and its impact on the Russian economy has further increased the level of economic uncertainty in the environment.

The Group also conducts business in Kazakhstan, Burkina Faso and Guinea. Each of these countries are subject to significant economic, political and social risks. These risks include matters arising from the policies of the government, economic conditions, the imposition of, or changes to, taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The consolidated financial statements reflect management's assessment of the impact of the Russian, Kazakhstan, Burkina Faso and Guinean business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position, as detailed in the table below, and arises principally from the Group's cash and cash equivalents, trade and other receivables, loans given and available-for-sale investments:

	31 December 2014	**31 December 2013**
Cash and cash equivalents	127,692	244,042
Restricted cash	8,170	6,496
Trade and other receivables	7,000	8,610
Short-term deposits	190,175	-
Long-term financial investments	47,020	16,534
Total	**380,057**	**275,682**

Management of the Group believes that credit risk is limited based on the following:

- a substantial portion of gold sales are made to banks on immediate payment terms, therefore the credit risk related to trade receivables is minimal;
- the Group does not provide significant loans to third parties;
- the majority of the Group's cash and cash equivalents and short-term deposits are placed in reputable banks that have credit ratings not lower than "B" from Moody's credit rating agency.

Analysis of trade and other receivables

The aging of trade and other receivables:

	31 December 2014		**31 December 2013**	
	Gross	**Impairment**	**Gross**	**Impairment**
Not past due	6,308	-	8,052	-
Past due 0-365 days	692	-	657	(100)
More than one year	1,305	(1,305)	1,801	(1,800)
Total	**8,305**	**(1,305)**	**10,510**	**(1,900)**

Concentration of credit risk

At 31 December 2014 the Group had a concentration of cash and bank deposits with Sberbank and VTB in the amount of US$ 149.1 million and US$ 89.0 million, respectively.

At 31 December 2014, the Group had a concentration of investments available-for sale with Detour Gold Corporation represented by its shares of 2.0% in the amount of US$ 25.3 million (2013: 2.6% in the amount of US$ 11.9 million).

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

At 31 December 2014, the Group had US$ 59 million undrawn bank facilities available to manage its liquidity.

The following table details the contractual maturity of the Group's non-derivative financial liabilities as at 31 December 2014, including both principal and interest cash flows:

	Carrying amount	Future contractual cash flows	Less than 1 year	1-2 years	2-5 years	After 5 years
Notes and bonds issued	450,000	(549,960)	(16,280)	(42,840)	(490,840)	-
Bank and other credit organizations financing	500,000	(545,758)	(15,916)	(139,921)	(389,921)	-
Trade and other payables	160,507	(161,361)	(150,198)	(1,711)	(3,678)	(5,774)
Total	**1,110,507**	**(1,257,079)**	**(182,394)**	**(184,472)**	**(884,439)**	**(5,774)**
Net exposure	**1,110,507**	**(1,257,079)**	**(182,394)**	**(184,472)**	**(884,439)**	**(5,774)**

Market risk

The Group activities expose it primarily to the financial risks of changes in commodity prices, foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Sensitivity analysis

A 10 percent decrease of gold price would have decreased profit for the year ended 31 December 2014 by US$ 97.7 million (year ended 31 December 2013: US$ 96.8 million).

Commodity price risk

The Group is exposed to a gold price risk. Market prices of gold to be sold in future influence the Group's future profitability and the recoverability of assets. Management monitors gold price trends and regulates sales policy accordingly. The Group does not use derivatives to mitigate its exposure to commodity price risk.

Currency risk

Currency risk arises when a Group entity enters into transactions denominated in foreign currencies. The Group has monetary assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency.

The Group is mainly exposed to changes in the following currencies: US Dollar, Russina Rouble, Kazakh Tenge, Canadian Dollar and Central African Franc.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	USD	RUB	KZT	CAD	CFA (XOF)	Other
Balance at December 31, 2014						
Cash and cash equivalents	69,704	26	-	-	-	103
Trade and other receivables	19,691	12,421	-	-	14,222	-
Financial investments	214,977	9,418	41,137	10,993	86,773	19,921

Bank and other credit organizations financing	-	568	-	-	-	-
Loans	(232,351)	(919)	-	(10,992)	-	(7,818)
Trade and other payables	(35,477)	(3,453)	-	(3)	-	(27,104)
Net exposure	**36,544**	**18,062**	**41,137**	**(2)**	**100,995**	**(14,898)**
Balance at December 31, 2013						
Cash and cash equivalents	122,558	50	-	-	123	138
Trade and other receivables	53,809	322	-	-	38,038	84
Financial investments	220,389	9,452	62,490	8,380	110,417	27,732
Bank and other credit organizations financing	-	(433,070)	-	-	-	-
Loans	(353,970)	(919)	-	(117,100)	-	(8,182)
Trade and other payables	(18,786)	(1,380)	-	(287)	-	(3,216)
Net exposure	**24,000**	**(425,545)**	**62,490**	**(109,007)**	**148,578**	**16,556**

* Including Group's intercompany balances and interest

** Including interest

Sensitivity analysis

A 10% strengthening of the Group entities’ following currencies against each other at 31 December 2014 and 2013 would have increased/(decreased) profit and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. Foreign currency differences, arising on translation into the presentation currency are not included.

	31 December 2014	**31 December 2013**
USD	3,053	763
RUB	1,551	(47,494)
KZT	3,582	5,396
CAD	-	(9,994)
CFA (XOF)	8,248	13,253
Other	(1,304)	1,235
Total	**15,130**	**(36,841)**

A 10% weakening of these currencies against the entities’ functional currencies would have increased/(decreased) profit and equity by the amounts shown below, on the basis that all other variables remain constant.

	31 December 2014	**31 December 2013**
USD	(2,498)	(624)
RUB	(1,269)	38,859
KZT	(2,930)	(4,415)
CAD	-	8,177
CFA (XOF)	(6,748)	(10,844)
Other	1,067	(1,011)
Total	**(12,378)**	**30,142**

Interest rate risk

Interest rates on the Group's debt finance are either fixed or variable at a fixed spread over LIBOR for the duration of the contract. Changes in interest rates impact loans and borrowings by changing their fair value (fixed rate debt) or future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. When raising new financing, management uses its judgment to decide whether fixed or variable rate would be more favourable over the expected period until maturity.

The Group's interest-bearing financial instruments at variable rates:

	31 December 2014	31 December 2013
Liabilities at interest with fixed spread over Libor	(500,000)	-
Liabilities at interest with fixed spread over Mosprime	-	(433,638)
Liabilities at interest dependant on gold price and production volumes	-	(11,035)
Cash-flow hedges	-	(34,703)
Net position	**(500,000)**	**(479,376)**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in variable interest rates would have increased/(decreased) profit for the year ended 31 December 2014 US$ 14 million (2013: US$ 5 million).

A 10% decrease in gold prices or production volumes would have decreased profit for the year ended 31 December 2014 US$ 1 million (2013: US$ 1 million).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, except financial instruments measured at amortised cost, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Total
Balance at 31 December 2014			
Available-for-sale financial assets	30,802	-	30,802
Balance at 31 December 2013			
Available-for-sale financial assets	16,534	-	16,534
Cash flow hedge instruments	-	(34,703)	(34,703)

At 31 December 2014 and 2013, the Group did not financial instruments of Level 3.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. This policy includes compliance with certain externally imposed minimum capital requirements. The Group's management constantly monitors profitability and leverage ratios and compliance with the minimum capital requirements. The Group uses the return on assets ratio which is defined as profit from operations divided by total assets (averaged over the measurement period) and the leverage ratio calculated as net debt, comprising of long-term and short-term indebtedness less cash, cash equivalents and short-term bank deposits, divided by shareholder's equity.

26. Commitments and contingencies

Capital commitments

As at 31 December 2014, the Group's contractual capital commitments amounted to US$ 11.2 million (31 December 2013: US$ 18.3 million).

Operating environment

Starting from March 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. International credit agencies downgraded Russia's long-term foreign currency sovereign rating with a negative outlook. In December 2014, the Central Bank of the Russian Federation significantly increased its key interest rate, which resulted in growth of interest rates on domestic borrowings. The exchange rate of the Russian Rouble depreciated significantly. These developments may result in reduced access of the Russian businesses to international capital and export markets, capital flight, further weakening of the Ruble and other negative economic consequences.

The impact of further political and economic developments in Russia on future operations and financial position of the Group's Russian subsidiaries is difficult to determine at this stage. No impact is expected on the Group's subsidiaries located in other countries.

Legal proceedings

The Group entities are currently and may be from time to time involved in a number of legal proceedings, including inquiries from and discussions with governmental authorities, that are incidental to their operations. Some of the current proceedings related to taxation are discussed below. However the Group is not currently involved in any legal proceedings which may have a significant effect on the financial position or profitability of the Group.

Tax contingencies

The taxation system and regulatory environment of the Russian Federation, Kazakhstan, Burkina Faso and Guinea are relatively new and characterised by frequently changing legislation, which is often unclear, contradictory and subject to varying interpretations between the differing regulatory authorities and jurisdictions. Events during recent years suggest that the regulatory authorities within these countries are adopting a more assertive stance regarding the interpretation and enforcement of legislation. This situation creates substantial tax and regulatory risks.

Russian Federation

At 31 December 2014, management assessed total amount of potential claims from Russian tax authorities at US$ 16.9 million, including mineral extraction tax at US$ 12.3 million and income tax at US$ 4.6 million.

Kazakhstan

At 31 December 2014, management considers that the Group's subsidiary in Kazakhstan potentially may be subject to additional taxes of US$ 2.6 million.

Burkina Faso

The total amount of various potential tax and legal risks of Group's entities located in Burkina Faso is estimated at US$ 1.6 million.

Guinea

The total amount of potential tax risks of Société Minière de Dinguiraye ("SMD") located in Guinea is estimated at US$ 1.8 million.

In September 2011, the Republic of Guinea issued a new mining code which is intended to repeal and replace the existing mining code.

The government has begun applying the provisions of the new code and has indicated that re-negotiation of existing mining concessions and increased economic interest in existing mining companies may be appropriate. The new code entitles the Republic of Guinea to a free 15% interest in the share capital of a company to which it has granted title and the right to acquire an additional 20% in the share capital of the mining company on terms to be negotiated with each company. The new code also includes a new fiscal and customs regime applicable to mining activities and provides for the renegotiation of existing mining concessions.

Given the uncertainty as to the application and interpretation of the new mining code, its impact on to the Group's ownership of SMD to the mining concession itself and to the Group's activities in Guinea and the introduction of the new fiscal and customs regime, there can be no assurance that the actions of the Government of Guinea, or the impact of the new legislation, will not have a significant negative impact on the Group's ownership interest in SMD, or result in an increase in taxation or the costs of doing business in Guinea, any of which could have a material adverse effect on the Group's business, results of operations and financial condition.

Other jurisdictions

Guinor, a subsidiary of the Group, which is a Canadian tax resident, is exposed to tax risks up to US$ 14.1 million. Management assesses the probability of unfavourable outcome of this risk as possible.

27. Events after the reporting period

In February 2015, the Board of Directors of Nordgold has approved an interim dividend of 1.33 US cents per share or per Global Depositary Receipt in respect of the three months ended 31 December 2014. Total amount of dividend payable is US$ 5.1 million.

In February 2015, the Board of Directors of Nordgold has approved a share and GDR buyback programme for up to 19,000,000 shares/GDRs to a maximum total amount of US$30 million at a price of up to US$4 per share/GDR. The buyback programme will end as soon as the aggregate purchase price of the shares/GDRs acquired by the Company has reached the amount of US$30 million or ultimately, by 31 December 2015. Following the withdrawal from the GDR programme of the shares underlying the GDRs, the Company intends to cancel the shares. Since the announcement of the buyback programme the Company has purchased a total of 3,237,924 GRDs for the total amount of US$8.4 million.

Company Only Financial Statements for the Year Ended 31 December 2014

Company balance sheet as at 31 December 2014

(Amounts expressed in thousands of US dollars, except as otherwise stated)

(before profit appropriation)

	Note	31 December, 2014	31 December, 2013 (as restated)
Fixed assets			
Financial fixed assets	5	1,271,344	2,163,103
Total fixed assets		1,271,344	2,163,103
Current assets			
Cash and cash equivalents		8,126	1,393
Trade and other receivables		-	42
Loans receivable from group companies	6	608,497	-
Total current assets		616,623	1,435
Total assets		**1,887,967**	**2,164,538**
Shareholders' equity	7		
Issued share capital		1,156,425	1,301,481
Share premium		32,162	32,162
Revaluation reserve		13,075	(2,759)
Foreign currency translation reserve		(297,585)	(129,961)
Retained earnings		(61,338)	189,287
Unappropriated result		98,307	(218,087)
Total equity		941,046	1,172,123
Non-current liabilities	8	939,531	648,092
Current liabilities	9	7,390	344,323
Total equity and liabilities		**1,887,967**	**2,164,538**

Company income statement for the year ended 31 December 2014

(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Year ended 31 December, 2014	Year ended 31 December, 2013 (as restated)
Share in results from participating interests, after taxation	118,022	(172,077)
Other result after taxation	(19,715)	(46,010)
Net result	**98,307**	**(218,087)**

Notes to the Company Financial Statements for the Year Ended 31 December 2014

(Amounts expressed in thousands of US dollars, except as stated otherwise)

1. General

The company financial statements are part of the 2014 financial statements of Nord Gold N.V. (the 'Company').

With reference to the income statement of the Company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code. As a result the income statement presentation only comprises the results from its investments in participating interest and other income and expense items after taxation.

2. Principles for the measurement of assets and liabilities and the determination of the result

For the selection of the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRSs EU"). Subsidiaries and participating interests, over which significant influence is exercised, are stated on the basis of the equity method. Please refer to Note 2 in the consolidated financial statements for a description of these principles.

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they are deemed to be unrealised.

3. Functional and presentation currency

The functional currency of the Company and presentation currency of the financial statements is the US dollar.

4. Change in accounting policy for stripping costs

Note 2 in the consolidated financial statements discloses the change in accounting policy for stripping cost. Due to the equity accounting method applied, this restatement also affected the company only financial statement for the year ended 31 December 2013.

The aforementioned change in accounting policy has been applied retrospectively. The impact on the company financial statements for the year ended 31 December 2013 is shown in the table below:

	As previously reported	Adjustments	As restated
Company income statement for the year ended 31 December 2013			
Share in results from participating interests, after	(143,275)	(28,802)	(172,077)

	As previously reported	Adjustments	As restated
taxation			
Net result	**(143,275)**	**(28,802)**	**(172,077)**
Company balance sheet as of 31 December 2013			
Financial fixed assets	2,206,053	(42,950)	2,163,103
Retained earnings	203,435	(14,148)	189,287
Unappropriated result	(189,285)	(28,802)	(218,087)

5. Financial fixed assets

	31 December, 2014	31 December, 2013 (As restated)
Participating interests in group companies	1,202,064	1,582,402
Deposits	44,449	-
Advance paid for a bankable feasibility study	16,177	-
Loans receivable from group companies	4,176	577,489
Other investments	4,478	3,212
Total financial fixed assets	**1,271,344**	**2,163,103**

The movements of the financial fixed assets can be shown as follows:

	Particpating interests in group companies	Loans receivable from group companies	Other investments	Total
Balance at 1 January 2013	**2,110,330**	**234,278**	**726**	**2,345,334**
Changes:				
- Change in fair value	-	-	2,486	2,486
- Loans issued to group companies	-	499,000	-	499,000
- Interest accrued	-	20,594	-	20,594
- Loans and interest settled		(176,383)		(176,383)
- Additional investments	83,585	-	-	83,585
- Share in result of participating interests	(143,275)	-	-	(143,275)
- Change in other reserves of participating interests	(122,746)	-	-	(122,746)
- Change in other equity settled transaction	(302,542)	-	-	(302,542)
Effect of change in accounting policy	(42,950)	-	-	(42,950)
Balance at 31 December 2013	**1,582,402**	**577,489**	**3,212**	**2,163,103**

	Particpating interests in group companies	Loans receivable from group companies	Deposits	Advance paid for a bankable feasibility	Other investments	Total

				study		
Balance at 1 January 2014	**1,582,402**	**577,489**	**-**	**-**	**3,212**	**2,163,103**
Changes:						
- Change in fair value	-	-	-	-	528	528
- Disposals	(217,500)	-				(217,500)
- Loans issued to group companies	-	4,065	-	-	-	4,065
- Interest accrued	-	111	-	-	-	111
- Reclass to short-term loans receivable	-	(577,489)	-	-	-	(577,489)
- Additional investments	13,459	-	44,449	16,177	738	74,823
- Share in result of participating interests	118, 022	-	-	-	-	118,022
- Change in other reserves of participating interests	(294,319)	-	-	-	-	(296,409)
Balance at 31 December, 2014	**1,202,064**	**4,176**	**44,449**	**16,177**	**4,478**	**1,271,344**

As at 31 December 2014 loans receivable from group companies represent following loans:

	Amount	Currency	Interest rate, %	Repayment date
OOO Neryungri-Metallik	**9,230**	**RUB**	**14.75**	**December 31, 2015**
principal	8,350			
interest	880			
OOO Neryungri-Metallik	**30,658**	**USD**	**6.4**	**December 31, 2015**
principal	27,651			
interest	3,007			
OOO Neryungri-Metallik	**50,373**	**USD**	**6.6**	**December 31, 2015**
principal	48,000			
interest	2,373			
OOO Neryungri-Metallik	**4,674**	**USD**	**6.4**	**March 31, 2015**
principal	2,368			
interest	2,306			
ZAO Mine Aprelkovo	**19,707**	**USD**	**6.4**	**March 31, 2015**
principal	14,598			
interest	5,110			
Delta Gold Mining Ltd	**493,856**	**USD**	**6.0**	**December 31, 2015**
principal	450,258			
interest	43,598			
Amur Gold Ltd	**4,176**	**USD**	**6.5**	**December 31, 2016**

principal	4,065
interest	111

The interest rates are not significantly different from market interest rates. There are no specific covenants agreed with regard to these loans.

The Company, with its statutory seat in Amsterdam, is the holding company and has the following financial interests:

	Location	Share in issued capital %
Direct investments in group companies		
OOO Neryungri-Metallik	Russia	100%
ZAO Mine Aprelkovo	Russia	100%
High River Gold Mines Ltd	Canada	100%
Centroferve Limited	Cyprus	100%
Semgeo LLP	Kazakhstan	100%
Severnaya Zolotorudnaya Kompaniya LLC	Russia	100%
Nordgold Management LLC	Russia	100%
Crew Gold Corporation	Canada	100%
Nord Gold (Yukon) Inc.	Canada	100%
Other investments		
Sacre-Couer Minerals Limited	Canada	7.55%
Columbus Gold	French Guiana	9%
Northquest Ltd.	Canada	24%

With regard to full list of the Group's significant subsidiaries and joint venture and the effective ownership holdings therein reference is made to Note 24 of the consolidated financial statements.

6. Short-term loans receivable from group companies

Balance at 31 December 2013	**-**
- Reclass from long-term loans receivable	577,489
- Loans issued to group companies	59,815
- Interest accrued	46,966
- Loans and interest settled	(75,773)
Balance at 31 December 2014	**608,497**

7. Shareholders' equity

	Issued share capital	Share premium	Legal reserves		Retained earnings	Unappropriated result	Total equity
			Revaluation reserves	Foreign currency translation reserve			
Balance at January 1, 2013	**1,249,283**	**32,102**	**55,544**	**(7,139)**	**257,569**	**19,360**	**1,606,719**

Effect of change in accounting policy					(14,148)		(14,148)
Balance at January 1, 2013, restated	**1,249,283**	**32,102**	**55,544**	**(7,139)**	**243,421**	**19,360**	**1,592,571**
Appropriation of result	-	-	-	-	19,360	(19,360)	-
Net result for the year	-	-	-	-	-	(218,087)	(218,087)
Issue of ordinary shares	221	60	-	-	-	-	281
Dividends to equity holders	-	-	-	-	(68,950)	-	(68,950)
Revaluation of available for sale financial assets	-	-	(59,276)	-	-	-	(59,276)
Acquisitions of non-controlling interest without a change in control	-	-	973	-	(4,544)	-	(3,571)
Foreign exchange differences	51,977	-	-	(122,822)	-	-	(70,845)
Balance at December 31, 2013, restated	**1,301,481**	**32,162**	**(2,759)**	**(129,961)**	**189,287**	**(218,087)**	**1,172,123**
Balance at January 1, 2014, restated	**1,301,481**	**32,162**	**(2,759)**	**(129,961)**	**189,287**	**(218,087)**	**1,172,123**
Appropriation of result	-	-	-	-	(218,087)	218,087	-
Net result for the year	-	-	-	-	-	98,307	98,307
Issue of ordinary shares	8,830	-	-	-	(4,678)	-	4,152
Dividends to equity holders	-	-	-	-	(39,409)	-	(39,409)
Change in fair value of cash flow hedges	-	-	2,372	-	-	-	2,372
Revaluation of available for sale financial assets	-	-	13,462	-	-	-	13,462
Acquisitions of non-controlling interest without a change in control	-	-		-	11,549	-	11,549
Foreign exchange	(153,886)	-	-	(167,624)	-	-	(321,510)

differences							
Balance at December 31, 2014	**1,156,425**	**32,162**	**13,075**	**(297,585)**	**(61,338)**	**98,307**	**941,046**

Issued share capital

	2014	2013
On issue at 1 January	1,301,481	1,249,283
Issued in exchange of investments in subsidiaries	8,830	221
Foreign currency translation differences	(153,886)	51,977
On issue at 31 December	**1,156,425**	**1,301,481**

At 31 December 2014 and 2013, the authorised share capital amounted to 4,484,927,250 Euros and consisted of 1,793,970,900 ordinary shares with a nominal value of 2.50 Euro each. The issued and fully paid share capital comprised of 380,998,290 ordinary shares (2013: 378,121,955 ordinary shares) amounting to EUR 952,496 thousand or US$ 1,315,951 thousand at 31 December 2014 (2013: EUR 945,305 or US$ 1,307,121 thousand).

The forex rate as at 31 December 2014 is 0.8237 US$/EUR (31 December 2013: 0.7263 EUR US$/EUR).

In March 2013, the Company issued 68,996 ordinary shares with par value of 2.5 Euro for the purpose of funding the acquisition of the remaining outstanding shares of High River Gold Mines Ltd.

In December 2014, the Company issued 2,876,335 ordinary shares with par value of 2.5 Euro for the purpose of funding the acquisition of 7.74% interest in Butyatzoloto's from non-controlling shareholders.

The holders of ordinary shares are entitled to receive dividends as declared at General meetings and are entitled to one vote per share at meetings of the Company.

Share premium

Share premium consists of the excess of consideration received over the par value of shares and GDRs issued by the Company.

Foreign currency translation reserve

Foreign currency translation differences represent the currency translation reserve in equity.

Revaluation reserve

The revaluation reserve comprise the cumulative net change in the fair value of available-for-sale investments and cash-flow hedge instruments, net of the related tax effects.

Legal reserves

Legal reserves as stipulated by NCC 2:373.4 concern the revaluation reserve and the foreign currency translation reserve.

8. Non-current liabilities

	31 December, 2014	31 December, 2013
Notes and bonds issued	450,000	500,000
Bank loans	500,000	132,591
Derivative financial instruments	-	13,954
Debts to group companies	-	6,813
Unamortized balance of transaction costs	(10,469)	(5,266)
Total non-current liabilities	**939,531**	**648,092**

With regard to disclosure for the non-current liabilities and terms and conditions of bank loans reference is made to Note 19 of the consolidated financial statements.

9. Current liabilities

	31 December, 2014	31 December, 2013
Bank loans	-	301,015
Interest payable	4,851	5,602
Derivative financial instruments	-	20,749
Debts to group companies	1,973	14,003
Accruals	566	3,642
Unamortized balance of transaction costs	-	(688)
Total current liabilities	**7,390**	**344,323**

With regard to disclosure for the current liabilities and terms and conditions of bank loans reference is made to Note 19 of the consolidated financial statements.

10. Taxation

Tax is calculated by applying the current corporate income tax rate of 25.5% (2013: 25.5%) to the result for the financial year, taking into account carry-forward tax losses, tax exempt profit and adding back any non-deductible expenses.

Reference is made to Note 9 of the consolidated financial statements for disclosure on corporate income tax.

11. Off-balance sheet commitments

Several liability and guarantees

The Company has no off-balance sheet commitments.

Fiscal entity

The Company does not have a fiscal unity for tax purposes.

12. Share in results from participating interests

For the year ended 31 December 2014 an amount of US$ 118.0 million of share in results from participating interests relates to the group companies (for the year ended 31 December 2013: loss of US$ 172.1 million).

13. Fees of the auditor

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by Deloitte Accountants B.V. to the Company, its subsidiaries and other consolidated entities:

	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
2013			
Statutory audit of annual accounts	40	555	595
Other assurance services	10	83	93
Tax advisory services	-	185	185
Other non-audit services	-	-	-
Total	**50**	**823**	**873**
2014			
Statutory audit of annual accounts	50	605	655
Other assurance services	15	75	90
Tax advisory services	-	108	108
Other non-audit services	-	-	-
Total	**65**	**788**	**853**

14. Related parties

Parent and ultimate controlling party

As at 31 December 2014, the immediate parent company of the Company was Ocean Management S.A.R.L. ("the Parent Company"), registered in the Luxembourg. As at 31 December 2013, the immediate parent company of the Company was Canway Holding B.V., registered in the Netherlands. The controlling shareholder of the Company as at 31 December 2014 and 2013 was Mr. Alexey A. Mordashov.

Transactions with key management personnel

Loans to directors

There are no loans to Company's directors.

Key management personnel and director transactions

As at 31 December 2014 Company's directors directly and indirectly control 88.2% of the voting shares of the Company (as at 31 December 2013: 85.1%).

Other related party transactions

Reference is made to Note 10 in the consolidated financial statements.

15. Emoluments of directors and supervisory directors

The emoluments, including pension obligations as intended in Section 2:383(1) of the Netherlands Civil Code, which were charged in the financial year to the Company and group companies, amounted to the gross amount of US$ 0.7 million including 0.03 US$ million for directors and former directors (2013: US$ 0.04 million) and US$0.67 million for supervisory board members (2013: US$ 0.86 million). There is no crisis levy in The Netherlands in 2014 (2013: USD 49 thousand).

The statement of the emoluments per individual managing director and per individual supervisory board member in included to the Renumeration report in section “5.6 Renumeration report” of the Integrated report.

There are no loans, prepayments and guarantees granted to the Company’s directors and the Company’s supervisory directors.

There is no option programme set up for members of the Executive and Supervisory Boards.

16. Staff costs

The average number of employees by business units:

	2014	2013
Nodgold Management	97	117
Foring Offices (London, Toronto)	3	6
Aprelkovo	614	681
Neryungri	780	905
Suzdal	1,011	1,032
Buryatzoloto	2,978	3,239
Berezitovy	1,032	1,126
Taparko (Somita)	816	850
Lefa (Crew Gold)	1,600	2,021
Bissa	285	274
High River Gold Management	66	155
Others	30	128
Total	**9,312**	**10,534**

All employees have been working outside the Netherlands.

The social security expenses over 2014 of US$ 36.9 million (2013: US$ 36.4 million) as disclosed in Note 7 to the consolidated financial statements include an amount US$ 21.5 million for pension charges (2013: US$ 25.1 million).

Other Information

Provisions in the Articles of Association governing the appropriation of profit

According to article 23 of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders' equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Appropriation of the profit

In 2014 the Company paid an interim dividend of:

- 3.64 US cents per share or per Global Depositary Receipt for Q3 2014 for the total amount of US$ 13.7 million;
- 3.81 US cents per share or per Global Depositary Receipt for Q2 2014 for the total amount of US$ 14.4 million;
- 1.53 US cents per share or per Global Depositary Receipt for Q1 2014 for the total amount of US$ 5.8 million.

In February 2015 Board has approved an interim dividend of 1.33 US cents per share or per Global Depositary Receipt in respect of the three months ended December 31, 2014, representing a total pay-out of US$ 5.1 million. Total amount of dividends payable to the shareholders is US$ 5.1 million.

It is proposed to charge the net loss for the year of US$ 98.3 million against retained earnings. The financial statements do not yet reflect this proposal.

Subsequent events

Please refer to note 27 in the consolidated financial statements for a disclosure of the subsequent events.

Independent auditor's report

The independent auditor's report with respect to the financial statements is set out on this page.

GRI Index

Indicator	Description	Link/information	Disclosure
Aspect: Strategy and analysis			
G4-1	A statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	Message from the Chairman Message from the CEO 4.1.Approach to sustainability	Full disclosure
G4-2	A description of key impacts, risks, and opportunities:	4.1.Approach to sustainability 4.2. Stakeholder Engagement 5.7. Risk management	Full disclosure
Aspect: Organisational profile			
G4-3.	The name of the organisation.	1.1. Business description	Full disclosure
G4-4	The primary brands, products, and services.	1.1. Business description	Full disclosure
G4-5	The location of the organisation's headquarters.	1.1. Business description	Full disclosure
G4-6	The number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	1.1. Business description 1.6. Map of operations	Full disclosure
G4-7	The nature of ownership and legal form.	1.1. Business description 5.3. Corporate Governance Statement	Full disclosure
G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	1.7. Markets overview	Full disclosure
G4-9	The scale of the organisation, including: Total number of employees; Total number of operations; Net sales (for private sector organisations) or net revenues (for public sector organisations); Total capitalisation broken down in terms of debt and equity (for private sector organisations); Quantity of products or services provided.	2014 in brief 1.3. Business model 1.7. Market overview	Full disclosure
G4-10	a. The total number of employees by employment contract and gender. b. The total number of permanent employees by employment type (full-time/part-time workers) and gender. c. The total workforce by employees and	3.1. HR management system The not-disclosed information is not consolidated at the Group level within the current reporting systems.	Partial disclosure

Indicator	Description	Link/information	Disclosure
	supervised workers and by gender. d. The total workforce by region and gender. e. Whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).		
G4-11	The percentage of total employees covered by collective bargaining agreements.	3.1. HR management system	Full disclosure
G4-12	The description of the organisation's supply chain.	The business model of Nordgold includes a significant portion of the supply chain for gold - from exploration and evaluation of gold-bearing ores till sales to bullions banks, central banks, jewellery-fabrication and other companies all around the world (For details see "Business model" and "Market overview"). Nordgold purchase consumables (stock and non-stock), off-site repairs and on-site services and repairs using local suppliers. Once the operational requirements for goods and services have been identified, our centralised procurement department works in accordance with the company's policies and procedures. We use approved manufacturers, wholesalers, contractors and service providers and these are determined by our requirements and by best purchasing practices. Emphasis is placed on supplier development, encouraging joint ventures for skills development, and economic development (for purchasing details see "Financial performance").	Full disclosure
G4-13	a. Any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain, including: Changes in	1.4. Strategy 1.6. Reserves and resources	Full disclosure

Indicator	Description	Link/information	Disclosure
	the location of, or changes in, operations, including facility openings, closings, and expansions; Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations); Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.	5.3. Corporate Governance Statement	
G4-14	The precautionary approach or principle: whether and how it is addressed by the organisation.	5.7. Risk management	Full disclosure
G4-15	The list of externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	4.1. Approach to sustainability 4.2. Stakeholder Engagement	Full disclosure
G4-16	The list of memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation: Holds a position on the governance body; Participates in projects or committees; Provides substantive funding beyond routine membership dues; Views membership as strategic. This refers primarily to memberships maintained at the organisational level.	4.2. Stakeholder Engagement	Full disclosure
Aspect: Identified Material Aspects and Boundaries			
G4-17	a. The list of all entities included in the organisation's consolidated financial statements or equivalent documents. b. Whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report. The organisation can report on this Standard Disclosure by referencing the information in publicly available consolidated financial statements or equivalent documents.	About the Report	Full disclosure
G4-18	a. The process for defining the report content and the Aspect Boundaries. b. Explanation on the implementation of the Reporting Principles for Defining Report Content.	About the Report	Full disclosure
G4-19	Material Aspects identified in the process for defining report content.	Appendix: Material Aspects	Full disclosure

Indicator	Description	Link/information	Disclosure
G4-20	The Aspect Boundary within the organisation for each material Aspect.	The Aspect Boundary within the organization for each material Aspect. - Appendix Material Aspects. All Material Aspects are material within the organisation Boundaries considered in Chapter "About the Report"	Full disclosure
G4-21	The Aspect Boundary outside the organization (for each material Aspect).	About the Report	Full disclosure
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	1.6. Reserves and Resources 2.2. Financial performance	Full disclosure
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	There were no significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Full disclosure
G4-24	The list of stakeholder groups engaged by the organisation.	4.2. Stakeholder Engagement	Full disclosure
G4-25	The basis for identification and selection of stakeholders with whom to engage.	4.2. Stakeholder Engagement	Full disclosure
G4-26	The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	4.2. Stakeholder Engagement	Full disclosure
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. The stakeholder groups that raised each of the key topics and concerns.	4.2. Stakeholder Engagement	Full disclosure
Aspect Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About the Report	Full disclosure
G4-29	The date of most recent previous report (if any).	About the Report	Full disclosure
G4-30	Reporting cycle (such as annual, biennial).	About the Report	Full disclosure
G4-31	The contact point for questions regarding the report or its contents.	About the Report	Full disclosure
G4-32	The 'in accordance' option chosen by the organisation. The GRI Content Index for the chosen option.	About the Report Appendix: GRI Content Index	Full disclosure
G4-33	The organisation's policy and current practice with regard to seeking external assurance for the report.	About the Report	Full disclosure
Aspect: Governance			

Indicator	Description	Link/information	Disclosure
G4-34	The governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	5.3. Corporate Governance Statement 5.4. The Board of the Company and the Committees	Full disclosure
G4-39	Whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organisation's management and the reasons for this arrangement).	5.3. Corporate Governance Statement	Full disclosure
G4-41	The processes for the highest governance body to ensure conflicts of interest are avoided and managed. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: Cross-board membership; Cross-shareholding with suppliers and other stakeholders; Existence of controlling shareholder ; Related party disclosures	5.3. Corporate Governance Statement	Full disclosure
G4-43	The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics. (Safety and Sustainable Development Committee)	5.4. The Board of the Company and the Committees	Full disclosure
G4-44	The processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Whether such evaluation is independent or not, and its frequency. Whether such evaluation is a self-assessment. b. The actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organisational practice.	5.3. Corporate Governance Statement	Partial disclosure
G4-45	a. The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social	5.7. Risk management	Full disclosure

Indicator	Description	Link/information	Disclosure
	impacts, risks, and opportunities.		
G4-46	a. The highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.	5.7. Risk Management	Full disclosure
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	5.7. Risk management	Full disclosure
G4-48	The highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered.	The highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered is The Board of Directors	Full disclosure
G4-51	*Remuneration.* The remuneration policies for the highest governance body and senior executives for the below types of remuneration.	5.6. Remuneration report	Partial disclosure
G4-52	The process for determining remuneration. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Any other relationships, which the remuneration consultants have with the organisation.	5.4. The Board of the Company and the Committees	Full disclosure
Aspect: Ethics and Integrity			
G4-56	The description of the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	Mission and values 3.4. Corporate culture	Full disclosure
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines.	5.7. Risk Management	Full disclosure
G4-58	a. The internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	5.7. Risk Management	Full disclosure

Specific Standard disclosures

	Description	Chapter/information	Disclosure: full/partial
CATEGORY: ECONOMIC			
DMA: ECONOMIC: 1.2. Mission and values 4.1. Approach to sustainability 4.2. Stakeholder engagement 4.5. Communities			
Aspect: Economic Performance			
G4-EC1	Direct economic value generated and distributed	4.2. Stakeholder engagement	Full disclosure
G4-EC4	Financial assistance received by from government	No financial assistance was received from the government in the reporting year	Full disclosure
Aspect: Market Presence			
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	3.1. HR management system	Full disclosure
Aspect: Indirect Economic Impacts			
G4-EC7	Development of significant infrastructure investments and services supported	4.5. Communities	Full disclosure
G4-EC8	Significant indirect economic impacts including the extent of impacts	4.5. Communities	Full disclosure
CATEGORY: ENVIRONMENTAL			
DMA: ENVIRONMENTAL: 1.2. Mission and values 4.4. Environment			
Aspect: Materials			
G4-EN1	Materials used by weight or volume	4.4. Environment The not-disclosed information is not consolidated at the Group level within the current reporting systems.	Partial disclosure
Aspect: Energy			
G4-EN3	Energy consumption within the organisation	4.4. Environment The not-disclosed information is not consolidated at the Group level within the current reporting systems.	Partial disclosure
Aspect: Water			
G4-EN8.	Total water withdrawal by source	4.4. Environment The not-disclosed information is not consolidated at the Group level within the current reporting systems.	Partial disclosure
Aspect: Effluents and Waste			
	(Metals and Mining Disclosures requirements)	4.4. Environment The not-disclosed information is not consolidated at the Group level within the current reporting systems.	Partial disclosure
G4-EN23	Total weight of waste by type and disposal method	4.4. Environment	Partial disclosure

	Description	Chapter/information	Disclosure: full/partial
		The not-disclosed information is not consolidated at the Group level within the current reporting systems.	
G4-EN24	Total number and volume of significant spills	There were no significant spills in the reporting period.	Full disclosure
Aspect: Compliance			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	4.4. Environment The not-disclosed information is not consolidated at the Group level within the current reporting systems.	Full disclosure
Aspect: Overall			
G4-EN31	Total environmental protection expenditures and investments by type	4.4. Environment The not-disclosed information is not consolidated at the Group level within the current reporting systems.	Partial disclosure
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK			
Aspect: Employment			
DMA Employment: 3.1. HR Management System 4.1. Approach to Sustainability 4.2. Stakeholder Engagement			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	3.1. HR management system Given the industry specifics, gender indicators are not relevant to the Group.	Partial disclosure
Aspect: Labour/Management Relations			
DMA Labour/Management Relations: 3.1. HR Management System			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	All minimum notice periods comply with the respective legal requirements.	Full disclosure
MM4	Number of strikes and lock-outs exceeding one week's duration, by country	There were no strikes and lock-outs exceeding one week's duration in the reporting period	Full disclosure
Aspect: Occupational Health and Safety			
DMA Occupational Health and Safety: 4.3. Safety and health			
G4-LA5	Percentage of the total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	4.3. Safety and health	Partial disclosure
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities, by region and by gender	4.3. Safety and health	Full disclosure

	Description	Chapter/information	Disclosure: full/partial
G4-LA8	Health and safety topics covered in formal agreements with trade unions	There are collective bargaining agreements in Suzdal (Kazakhstan) and at Aprelkovo (Russia), Lefa (Guinea) and Taparko (Burkina- Faso). They cover such topics as health and safety policy, working hours and using PPE.	Full disclosure
Aspect: Training and Education			
DMA Training and Education: 3.4. Talent management			
G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category	3.4. Talent management Given the industry specifics, gender indicators are not relevant to the Group.	Partial disclosure
Aspect: Diversity and Equal Opportunity			
DMA Diversity and Equal Opportunity: 5.3.Corporate Governance Statement			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	5.3. Corporate Governance Statement	Partial disclosure
Aspect: Labour Practices Grievance Mechanisms			
DMA Labour Practices Grievance Mechanisms: 5.7. Risk Management			
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	5.7. Risk management	Full disclosure
SUB-CATEGORY: HUMAN RIGHTS			
DMA HUMAN RIGHTS: 3.1. HR management system 4.5. Communities			
Aspect: Investment			
G4-HR1.	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Nordgold regards any violation of the rights of its employees and other stakeholders as unacceptable. This stance applies to the Group and to partners and contractors before entering into contracts with them.	Full disclosure
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	All new employees go through an on-boarding process during which they are familiarised with Nordgold values, corporate culture and key documents, which cover various aspects of human rights protection.	Partial disclosure
Aspect: Non-discrimination			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	There were no incidents of discrimination during the reporting period	Full disclosure
Aspect: Freedom of Association and Collective Bargaining			
G4-HR4	Operations and suppliers in which the right to exercise freedom of association or collective bargaining may be violated or at significant risk, and measures taken to support these rights	Nordgold respects its employees and their right to exercise freedom of association and collective bargaining at all its operations.	Partial disclosure

	Description	Chapter/information	Disclosure: full/partial
Aspect: Child Labour			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	Nordgold considers using child labour totally unacceptable at all its operations.	Full disclosure
Aspect: Forced or Compulsory Labour			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of all forms of forced or compulsory labour	Nordgold respects its employees and does not use forced or compulsory labour at any of its operations.	Full disclosure
Aspect: Indigenous Rights			
G4-HR8	Total number of incidents of violations involving the rights of indigenous peoples and actions taken	There were no incidents of violations involving the rights of indigenous peoples in the reporting period.	Full disclosure
MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of cites where there are formal agreements with indigenous peoples' communities	4.5. Communities	Full disclosure
Aspect: Human Rights Grievance Mechanisms			
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	0	Full disclosure
SUB-CATEGORY: SOCIETY			
Aspect: Local Communities			
DMA Local Communities: 4.5. Communities			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs,	4.5. Communities	Partial disclosure
MM6	Number and description of disputes relating to land or resource use of local communities and Indigenous Peoples	There were no disputes relating to land or resource use of local communities and Indigenous Peoples in 2014	Full disclosure
MM7	The extent to which grievance mechanisms were used to resolve disputes relating land use, customary rights of local communities and indigenous peoples, and the outcomes	There were no disputes relating to land or resource use of local communities and Indigenous Peoples in 2014	Full disclosure
Aspect: Anti-corruption			
DMA Anti-corruption: 5.3. Corporate Governance Statement			
G4-SO4	Communication and training on anti-corruption policies and procedures	5.7. Risk Management	Partial disclosure
G4-SO5	Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption in Nordgold during the reporting period	Full disclosure

	Description	Chapter/information	Disclosure: full/partial
Aspect: Public Policy			
DMA Public Policy: 4.2. Stakeholder Engagement			
G4-SO6	Total value of political contributions by country and recipient/beneficiary	Nordgold did not make any contributions to political parties, politicians and related institutions in the reporting period.	Full disclosure
Aspect: Compliance			
DMA Compliance: 4.2. Stakeholder Engagement 5.3. Corporate Governance Statement			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	For detailed information see Commitments and contingencies Section 26 of Financial Statement	Full disclosure
Aspect: Grievance Mechanisms for Impacts on Society			
DMA Grievance Mechanisms for Impacts on Society: 5.7. Risk Management			
G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	0	Full disclosure
Metals and Mining Sector Special aspects **Aspect: Emergency Preparedness**			
DMA Emergency Preparedness: 4.4. Environment 4.5. Communities			
Aspect: Resettlement			
DMA Resettlement: 4.5. Communities			
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	4.5. Communities	Partial disclosure
Aspect: Closure Planning			
DMA Closure Planning: 1.3. Business model			
MM10	Number and percentage of operations with closure plans	All operations have a conceptual closure plan.	Partial disclosure
Metals and Mining Sector Specific Aspect: Materials Stewardship			
	Programs and progress relating to materials stewardship (former MM11)	An effective and conscientious approach to materials stewardship is not required for this type of products.	Full disclosure

Nordgold Sustainability Regulations

Aspect of SD	Policy / Programme	Standards / Rules	Leader / Department / Division
Stakeholders engagement	Corporate communications management Policy (2014)	AA1000 principles	Investor Relations Manager, Head of Media Relations, Head of Internal Communications and Sustainable Development Projects
Safety and Health	Health and Safety Policy (August 2012)	OHSAS 18001:2007; Nordgold Safety Rules (April 2014)	Safety and Sustainable Development Board Committee; COO & HSE manager
Environment	Environmental Policy (May 2014)	ISO 14001; International Cyanide Management Code	Safety and Sustainable Development Board Committee; COO and HSE manager
Communities	Sponsorships and Charitable Donations Registers (2013) Corporate Community Relations Policy (May 2014), Social investment programmes (annual)	AA1000 principles	Safety and Sustainable Development Board Committee, Head of Internal Communications and Sustainable Development Projects; Community relations team
Corporate culture and Ethics	Anti-Bribery and Corruption Policy (August 2013)	Corporate Code of Business Conduct and Ethics (2013); Corporate behavioral standards (2014); Rules of the Ethics Committee (2013)	Audit Board Committee; Ethics Committee, CEO, HR Director; Internal auditor

Material Aspects

See Section About the report to learn more how material aspects were identified.

Aspects (from the SASB List)	Aggregate estimate (max is 45 points)
Environment impact	
Water Management	38
Waste and Hazardous Materials Management	36
Fuel management	34
Energy Management	32
Air quality	19[1]
Biodiversity Impacts	15
Greenhouse Gas Emissions	11
Social Capital	
Community relations	41
Security, Human Rights, and Rights of Indigenous Peoples	35
Access and affordability	18
Data security and customer privacy	17
Fair disclosure and labeling	17
Customer welfare	13
Fair marketing and advertising	10
Human Capital	
Employee health, safety and wellbeing	45
Labour Relations	40
Fair labour practices	39
Compensation and benefits	38
Recruitment, development and retention	36
Diversity and inclusion	28
Business Model and Innovation	
Environmental, social impacts on core assets and operations	34
Lifecycle impacts of products and services	23
Product quality and safety	18
Product packaging	12
Leadership and Governance	
Accident and safety management	43
Systemic risk management	39
Business ethics and transparency of payments	38
Regulatory capture and political influence	33
Supply chain management	33
Competitive behavior	28
Materials sourcing	28

[1] Aspects which were rated by less than 30 points are considered immaterial.

Glossary

AISC	All-in sustaining costs
AGM	Annual General Meeting
BSN	Business System of Nordgold
BU	Business Unit
CCD	Counter-current decantation
CFO	Chief Financial Officer
CEO	Chief Executive Officer
Company	Nord Gold N.V.
COO	Chief Operational Officer
CIL	Carbon in leach
Dutch Code	Dutch corporate governance Code
FCF	Free cash flow
GDP	Gross domestic product
GDR	Global Depositary Receipt
GRI	Global Reporting Initiative – Global Reporting Initiative in the area of sustainable development
Group	Nordgold, the Company with its subsidiaries
GTS	Global Technology System
HL	Heap-leach
HR	Human resources
HS	Health and Safety
HSE	Health, safety, environment
IFRS	International Financial Reporting Standards
IRR	Internal rate of return
ISO 14001	International Standard for the establishment of an Environmental Management System
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves produced by the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
KPI	Key performance indicator
LSE	London Stock Exchange
LTIFR	Lost Time Injury Frequency Rate
LTIP	Long-term incentive plan
M&A	Mergers and Acquisitions
NGO	Non-Government Organisation
OCF	Operating cash flow
S&SD	Safety and Sustainable Development
TCC	Total cash costs
UK Code	UK corporate governance Code
WGC	World Gold Council
YoY	Year-on-year
Metric conversion	grams x 31.10348 = troy ounces

	grams per tonne x 34.28600 = troy ounces per short ton tonnes x 0.00045 = pounds tonnes x 0.90718 = tons metres x 0.30480 = feet kilometres x 1.60930 = miles hectares x 0.40468 = acres
g/t	Gram per tonne
Koz	Thousand ounces
Kt	Thousand tonnes
Moz	Million ounces
Mt	Million tonnes
Mtpy	Million tonnes per year
Oz or oz	Troy ounce (31.1035g)
Tonne	Metric ton

Definitions

Bacterial oxidation (BIOX)

A process in which a combination of three bacteria are used to break down the sulphide mineral matrix in the ore being treated, thus freeing occluded gold for subsequent cyanidation. The bacteria attach themselves to the metal sulphide surfaces in the ore, resulting in the accelerated oxidation of the sulphides. During the bacterial oxidation process, elements like iron, sulphur and arsenic are dissolved.

Carbon in leach (CIL)

A method of recovering gold and silver, in which a slurry of gold/silver-bearing ore, carbon, and cyanide are mixed together. The cyanide dissolves the gold, which is subsequently absorbed by the activated carbon whose base is usually ground coconut shells.

Carbon in pulp (CIP)

A technique in which granular activated carbon particles much larger than the ground ore particles are added to a cyanide pulp which is already impregnated with the gold particles. The activated carbon and pulp are agitated together to enable the solubilised precious metals to become adsorbed onto the activated carbon.

CIM Standards

The Canadian Institute of Mining, Metallurgy and Petroleum definitions standards in Mineral Resources and Mineral Reserves.

Crushing

Breaking of ore from the size delivered from the mine into smaller and more uniform fragments to be then fed to grinding mills or to a leach pad.

Doré

Semi-pure alloy of gold and silver produced at the mine site which is then transported to a refinery for further purification.

Drilling

Core: a drilling method that uses a rotating barrel and an annular-shaped, diamond impregnated rock-cutting bit to produce cylindrical rock cores and lift such cores to the surface, where they may be collected, examined and assayed.

Reverse circulation: a drilling method that uses a rotating cutting bit within a double-walled drill pipe and produces rock chips rather than core. Air or water is circulated down to the bit between the inner and outer wall of the drill pipe. The chips are forced to the surface through the centre of the drill pipe and are collected, examined and assayed.

Conventional rotary: a drilling method that produces rock chips similar to reverse circulation except that the sample is collected using a single-walled drill pipe. Air or water circulates down through the centre of the drill pipe and returns chips to the surface around the outside of the pipe.

In-fill: the collection of additional samples between existing samples, used to provide greater geological detail and to provide more closely spaced assay data.

Exploration

Prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

Flotation

A milling process in which valuable mineral particles are induced to become attached to bubbles and float as others sink.

Grade

The amount of metal in each tonne of ore, expressed as troy ounces per tonne or grams per tonne for precious metals and as a percentage for most other metals.

Grinding (milling)

The powdering or pulverising of ore, by pressure or abrasion, to liberate valuable minerals for further metallurgical processing.

Indicated resource

That part of a resource for which tonnage, grade and content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Inferred resource

That part of a resource for which tonnage, grade and content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

JORC Code

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves produced by the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Measured resource

That part of a resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

Open-pit mine

A mine that is entirely on the surface. Also referred to as open-cut or opencast mine.

Ore

A mixture of ore minerals and gangue from which at least one of the metals can be extracted at a profit.

Probable reserves

The economically mineable part of an indicated (and in some cases measured) resource which has a lower level of confidence than proved reserves but is of sufficient quality to serve as the basis for a decision on the development of the deposit.

Proved resources

The economically mineable part of a measured resource that represents the highest confidence category of reserve estimate. The style of mineralisation or other factors could mean that proved reserves are not achievable in some deposits.

Reclamation

The restoration of a site after mining or exploration activity is complete.

Recovery rate

The percentage of valuable metal in the ore that is recovered by metallurgical treatment.

Refining

The final stage of metal production in which impurities are removed from the molten metal.

Reserves

The economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Reserves are sub-divided in order of increasing confidence into probable reserves and proved reserves.

Resources

A concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of resources are known, estimated or interpreted from specific geological evidence and knowledge. Resources are subdivided, in order of increasing geological confidence, into inferred, indicated and measured categories.

Tailings

Material rejected from a mill after most of the recoverable valuable minerals have been extracted.